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LIVESTOCK AND MEAT Situation

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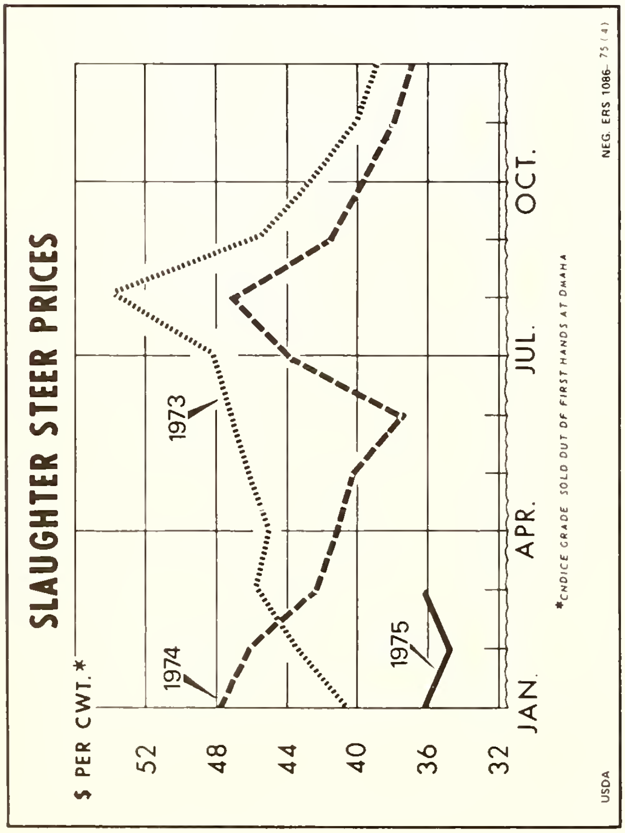
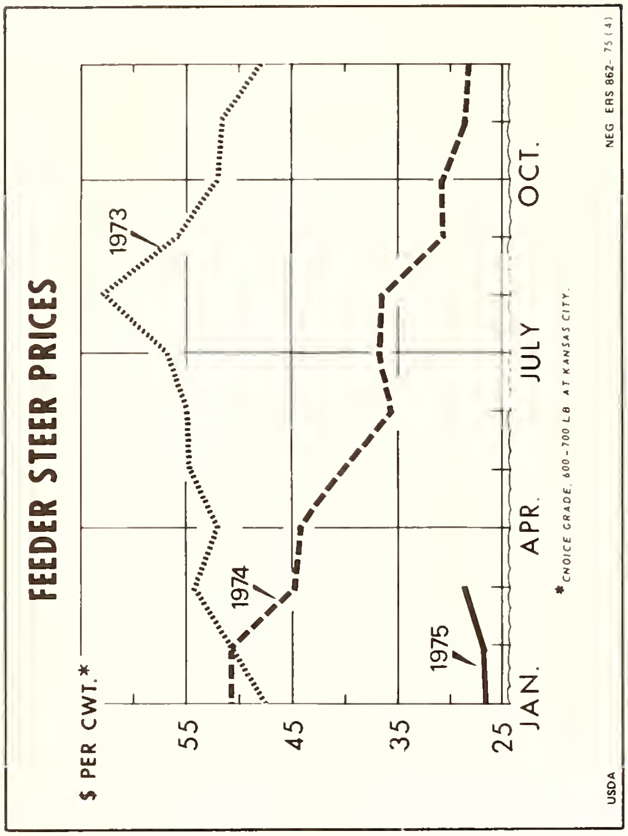

SLAUGHTER STEER PRICES

*CHOICE GRADE SOLD OUT OF FIRST HANDS AT OMAHA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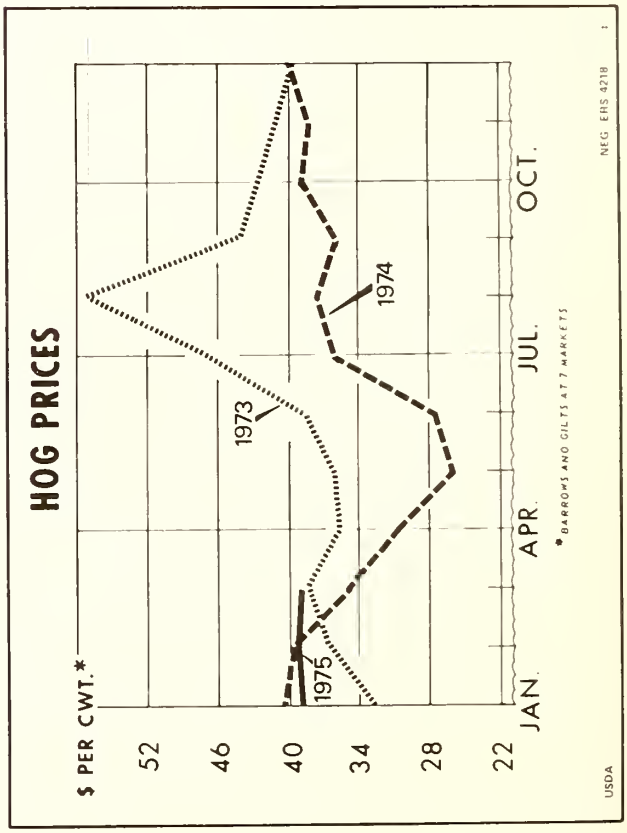
HOG PRICES

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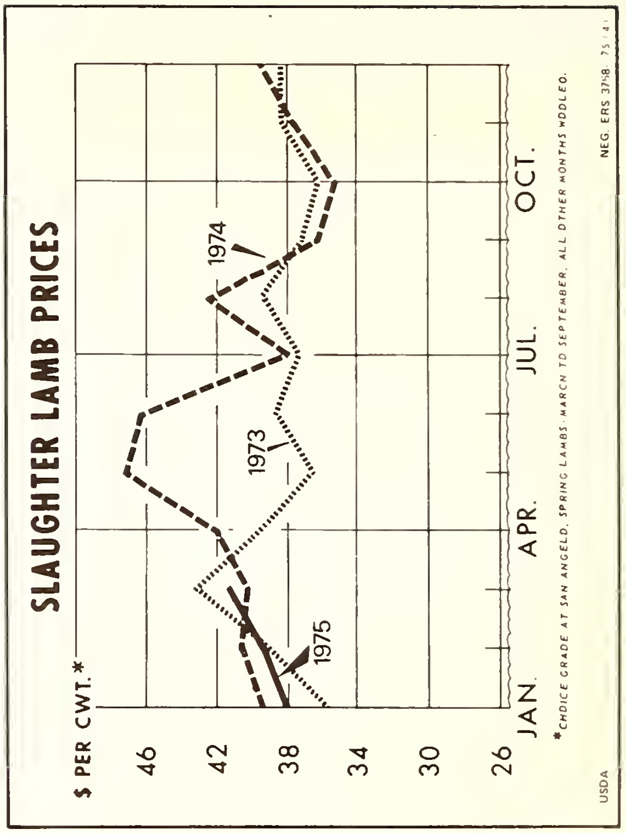
SLAUGHTER LAMB PRICES

*CHOICE GRADE AT SAN ANGELO, SPRING LAMBS MARCH TO SEPTEMBER, ALL OTHER MONTHS WOOLED.

LIVESTOCK AND MEAT SITUATION

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Approved by
The Outlook and Situation Board
and Summary released
April 2, 1975

Written by
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• • •

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SUMMARY

The impact of unstable market conditions, high feed costs, and the severe cost-price squeeze faced by livestock producers during the past 18 months continue to dominate the livestock situation. Cattle slaughter is up as cattlemen take steps to adjust record inventories to the available feed supply. Cattle feeding and hog production have been curtailed and further reductions are likely throughout 1975.

Large supplies of red meat have held down meat prices this winter. Per capita meat consumption during January-March will be down slightly from last fall but well above the January-March 1974 level. Increases in beef and veal consumption have more than offset reduced pork and lamb consumption. Retail meat prices have generally trended lower since last September, and in February averaged 9 percent below the February 1974 level. But expected seasonal reductions in beef and pork supplies this spring are likely to push retail meat prices higher again.

Large slaughter and low prices have characterized the cattle market this winter. Record numbers of cattle, limited range and pasture feed, and expensive feed supplies have resulted in high slaughter rates. January-March commercial cattle slaughter totaled just under 10 million head, slightly below October-December but up 15 percent from a year earlier. Like last year, all of the increases in slaughter so far this year are in cows and nonfed steers and heifers. Fed beef supplies this winter remained near last fall's low level.

Higher cattle prices are in prospect for the spring. A seasonal decline in cow slaughter as grazing resumes in volume again may give prices a boost. Also, fed beef and pork supplies will be declining further in the spring, reflecting the sharp reductions in numbers of cattle on feed and the continuing cutback in sow farrowings. If slaughter drops back as expected, fed cattle prices could reach the mid-$40's during April-June from March lows of $34-$35 per 100 pounds. Feeder cattle and cow prices would also move higher.

But the likelihood of sustained price improvement is less probable. The cattle herd has grown large enough to provide record slaughter supplies for the next 2 years. This summer's pasture and range feed conditions and prospects for the fall grain harvest will be critical to supply and price movement for cattle later this year. Drought conditions again this summer could prove disasterous for cow-calf operators, especially in the

Southeast, where the cattle herd has grown the most during recent years. In the event of a dry summer, slaughter would swell and prices drop below current depressed levels.

But being more optimistic, prospects for a moderate-to-large feed grain harvest with grain prices trending lower by midsummer would improve the demand for feeder cattle and begin to turn cattle feeding around. Any increases in feeding activity would likely begin first in Corn Belt feedlots.

Although cattle slaughter supplies in the months ahead are potentially large, very little is assured. A smaller proportion of weekly slaughter is now coming from feedlots, and the remainder is subject to a great deal of variability depending on weather and other short-term market conditions. With a smaller share of total slaughter "scheduled" to come to market from feedlots, slaughter supplies and prices could be unusually volatile for the next several months. General optimism among cattlemen for a rising cattle market could temporaily reduce nonfed slaughter supplies, producing a spurt in prices.

Hog farmers have recently indicated plans to continue sharp reductions already underway in the number of sows farrowing. On March 1, the 14 reporting States indicated a 21 percent cut in sow farrowings during December-February, planned a 21 percent reduction during March-May, followed by a 17 percent drop in June-August. If these intentions are carried out, hog slaughter will continue to decline from year-earlier levels well into 1976. Commercial pork production this year could be the smallest since 1966. Per capita pork consumption in 1975 could be down 7-9 pounds per person from 1974, totaling 56-58 pounds, the lowest in 40 years.

Hog slaughter in the winter was down 6 percent from last year and even sharper cuts are likely for spring. Average weights are also down slightly, reducing production more than slaughter. Barrow and gilt prices have ranged mostly between $38-$40 per 100 pounds since last October. Reduced slaughter in the spring along with expected improvement in fed cattle prices could raise market hog prices another $2-$3 per 100 pounds. Unless bad weather forces cattle to market later this year, slaughter hog prices could top $45 per 100 pounds in the summer.

Reductions in sheep and lamb slaughter in the winter helped to strengthen lamb prices from the upper $30's per 100 pounds in January to the mid-$40's by late March on some markets. Commercial lamb and mutton production during January-March was the smallest on record at about 100 million pounds. Slaughter lamb prices are expected to average $42-$44 in the spring before declining seasonally this summer.

SITUATION AND OUTLOOK

Commercial Meat Production

	1973		1974				1975			
	III	IV	I	II	III	IV	I[1]	II[2]	III[2]	IV
Beef (mil. lb.)	4,998	5,648	5,429	5,637	5,749	6,013	5,850	5,800	6,200	
Percent change from										
year earlier	-10	-1	+1	+12	+15	+6	+8	+3	+8	
previous quarter	-1	+13	-4	+4	+2	+5	-3	-1	+7	
Pork (mil. lb.)										
Percent change from										
year earlier	-9	-5	+3	+11	+16	+3	-8	-15	-17	
previous quarter	-12	+20	+1	+5	-8	+6	-10	-3	-10	
Lamb and Mutton (mil. lb.)										
Percent change from										
year earlier	+3	-10	-5	-15	-8	-12	-17	-3	-11	
previous quarter	+2	-4	-2	-10	+9	-8	-7	+5	0	

[1] Preliminary. [2] Forecast.

Livestock Prices

	1973		1974				1975			
	III	IV	I	II	III	IV	I	II[1]	III[1]	IV
Choice steers, Omaha	49.04	40.20	45.40	39.52	44.21	38.28	35.72	42-44	40-42	
Barrows & gilts, 7 markets	49.04	40.96	38.40	28.00	36.59	39.06	39.35	41-43	43-45	
Slaughter lambs, 5 markets	36.63	35.00	39.66	45.40	37.97	36.63	39.80	42-44	38-40	

[1] Forecast.

MEAT CONSUMPTION AND PRICES

Total red meat supplies have continued large this winter. Preliminary data on meat consumption for the January-March quarter indicate consumers purchased about 47 pounds per person (carcass weight), down slightly from October-December but 1½ pounds more than a year ago. Increases in beef and veal have more than offset declines in pork and lamb and mutton consumption.

Continued large domestic beef production plus some increases in beef imports may hold per capita beef consumption in January-March to a record 30 pounds, up 2 pounds from the January-March 1974 level and the same as October-December. Pork consumption will likely drop about a pound from a year ago, and total about 15.4 pounds per person. Veal consumption was up about a tenth of a pound from fall and lamb and mutton consumption in January-March will remain near the October-December level of .6 pounds.

Large supplies of meat have been moving through marketing channels rather freely this winter, despite unfavorable conditions in the economy. Meat stocks in cold storage at the end of February totaled 792 million pounds, 10 percent under the unusually large levels of a year earlier and down 3 percent from January. Near-record supplies of beef moving into consumption have apparently met little consumer resistance. Beef stocks at the end of February were 390 million pounds, down 6 percent from the month before and 14 percent under a year earlier. Pork stocks in cold storage totaled 299 million pounds, up slightly from January 31 but still 4 percent under the year-earlier level.

Large meat supplies this winter have held retail meat prices in check. Retail meat prices, as measured by the Bureau of Labor Statistics' retail meat price index, fell

Table 1—Per capita meat consumption by quarters[1]

Year	Carcass weight					Retail weight				
	First	Second	Third	Fourth	Total	First	Second	Third	Fourth	Total
	Pounds	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Beef										
1969	27.2	26.7	28.6	28.3	110.8	20.2	19.7	21.2	20.9	82.0
1970	28.3	27.9	29.0	28.5	113.7	20.9	20.6	21.5	21.1	84.1
1971	27.7	28.1	29.3	27.9	113.0	20.5	20.8	21.7	20.6	83.6
1972	28.2	28.9	29.4	29.6	116.1	20.9	21.4	21.7	21.9	85.9
1973	28.0	26.2	26.8	28.6	109.6	20.7	19.4	19.8	21.2	81.1
1974[2]	28.0	28.8	29.4	30.1	116.3	20.7	21.3	21.8	22.3	86.1
1975[3]	30.2					22.3				
Veal										
1969	0.9	0.8	0.8	0.8	3.3	0.7	0.6	0.7	0.7	2.7
1970	.8	.7	.7	.7	2.9	.6	.6	.6	.6	2.4
1971	.7	.6	.7	.7	2.7	.6	.5	.5	.6	2.2
1972	.6	.5	.5	.6	2.2	.5	.4	.4	.5	1.8
1973	.5	.4	.4	.5	1.8	.5	.3	.3	.4	1.5
1974[2]	.5	.4	.6	.8	2.3	.4	.3	.5	.7	1.9
1975[3]	.9					.8				
Pork										
1969	17.0	16.0	15.5	16.5	65.0	15.8	14.9	14.4	15.3	60.4
1970	15.4	15.6	16.3	19.1	66.4	14.3	14.5	15.2	17.8	61.8
1971	18.3	17.8	18.0	18.9	73.0	17.0	16.6	16.7	17.6	67.9
1972	17.7	16.6	15.8	17.3	67.4	16.5	15.4	14.7	16.1	62.7
1973	16.0	15.4	14.0	16.2	61.6	14.9	14.3	13.0	15.1	57.3
1974[2]	16.5	17.2	16.1	16.5	66.3	15.3	16.0	15.0	15.4	61.7
1975[3]	15.4					14.3				
Lamb & Mutton										
1969	0.9	0.8	0.9	0.8	3.4	0.8	0.8	0.7	0.7	3.0
1970	.9	.9	.8	.7	3.3	.8	.8	.7	.6	2.9
1971	.8	.8	.8	.7	3.1	.7	.7	.7	.7	2.8
1972	.8	.9	.9	.7	3.3	.7	.8	.8	.6	2.9
1973	.7	.7	.7	.6	2.7	.7	.6	.6	.5	2.4
1974[2]	.6	.6	.6	.5	2.3	.5	.5	.5	.5	2.0
1975[3]	.5					.5				
Red Meat										
1969	46.0	44.3	45.8	46.4	182.5	37.5	36.0	37.0	37.6	148.1
1970	45.4	45.1	46.8	49.0	186.3	36.6	36.5	38.0	40.1	151.2
1971	47.5	47.3	48.8	48.2	191.8	38.8	38.6	39.6	39.5	156.5
1972	47.3	46.9	46.6	48.2	189.0	38.6	38.0	37.6	39.1	153.3
1973	45.2	42.7	41.9	45.9	175.7	36.8	34.6	33.7	37.2	142.3
1974[2]	45.6	47.0	46.7	47.9	187.3	36.9	38.1	37.8	38.9	151.7
1975[3]	47.0					37.9				

[1] Total consumption including farm, 50 States. [2] Preliminary. [3] Estimated.

Table 2— Average retail price of meat per pound, United States, by months, 1968 to date[1]

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
							Beef, Choice grade						
1968	84.3	85.1	85.6	85.6	85.8	85.8	87.1	87.0	88.4	87.7	88.1	88.5	86.6
1969	89.5	89.6	90.9	93.3	97.8	101.9	102.4	101.1	99.1	95.2	96.5	96.9	96.2
1970	97.5	97.3	99.4	99.9	99.4	98.5	100.7	100.4	98.7	97.9	97.6	96.5	98.6
1971	97.2	101.3	102.2	104.0	104.8	105.7	104.7	105.7	105.9	105.1	106.3	108.5	104.3
1972	111.5	115.8	115.8	112.0	111.4	113.5	117.3	115.8	112.9	112.8	112.3	114.6	113.8
1973	122.1	130.3	135.3	136.0	136.0	135.5	136.3	144.2	144.9	136.0	134.9	134.4	135.5
1974	143.0	150.0	142.2	136.4	135.0	132.2	137.9	143.4	141.6	136.8	134.4	132.2	138.8
1975	132.8	129.0											
							Veal, retail cuts						
1968	99.8	99.2	100.0	102.0	100.0	102.5	101.7	101.4	101.9	101.1	101.9	100.9	101.0
1969	102.5	103.7	104.6	107.5	108.6	112.5	114.0	115.0	115.1	115.2	114.6	116.3	110.8
1970	117.2	119.3	120.8	123.3	123.9	124.9	125.7	126.6	127.0	127.4	127.6	127.9	124.3
1971	128.9	129.4	130.6	132.9	133.7	134.8	138.5	139.3	139.6	140.3	140.6	140.9	135.8
1972	142.8	148.6	149.7	151.0	151.7	154.2	156.4	157.3	157.6	158.4	159.4	159.9	153.9
1973	162.2	169.1	176.9	180.5	181.1	181.3	183.2	188.7	188.5	190.6	186.2	191.6	181.7
1974	194.5	198.6	199.6	195.6	194.3	194.9	193.9	196.5	198.1	194.7	191.6	193.3	195.5
1975	187.0	184.1											
							Pork						
1968	65.4	66.7	67.1	66.3	66.7	67.8	69.4	69.0	68.8	67.8	67.1	67.0	67.4
1969	67.9	68.6	69.0	69.1	71.6	75.0	76.9	78.3	78.9	78.7	78.1	79.7	74.3
1970	82.1	81.8	81.4	79.9	80.0	80.0	80.6	79.7	76.7	74.6	70.8	68.4	78.0
1971	68.4	69.4	69.9	68.7	68.2	69.6	71.4	71.6	71.0	71.3	71.4	72.9	70.3
1972	76.3	81.3	79.4	78.2	79.4	82.0	85.6	86.0	86.6	87.5	87.2	88.5	83.2
1973	94.1	97.1	103.0	102.7	102.4	104.1	107.5	131.5	126.3	117.1	115.4	115.8	109.8
1974	116.7	117.2	111.8	104.7	99.4	93.7	103.7	108.7	109.9	109.0	111.4	112.7	108.2
1975	114.9	114.8											
							Lamb, Choice grade						
1968	89.8	90.4	92.0	92.5	93.3	93.7	94.5	93.6	93.1	94.5	94.2	93.5	92.9
1969	94.5	95.9	96.4	97.1	100.1	101.8	104.4	102.9	103.4	103.9	103.7	104.8	100.7
1970	104.8	104.8	104.7	105.6	103.9	105.7	106.0	106.3	106.3	105.9	105.9	106.4	105.5
1971	105.9	106.5	107.0	107.4	108.0	109.6	111.4	111.5	112.6	110.9	112.7	113.0	109.7
1972	113.0	115.3	115.5	116.8	115.7	119.0	121.2	121.5	121.0	121.5	122.5	123.7	118.9
1973	125.6	130.2	136.1	135.5	134.2	132.2	133.4	140.4	145.4	135.2	131.3	131.7	134.3
1974	132.6	136.9	139.3	137.3	136.5	130.0	143.5	142.4	143.6	140.2	139.4	141.8	138.6
1975	156.0	157.2											

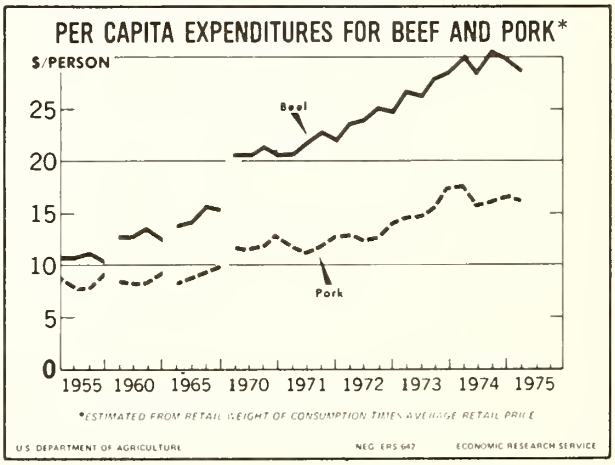
[1] Estimated weighted average price of retail cuts. Compiled by Economic Research Service from BLS data.

steadily from September through December last year, stabilized in January, then fell 1 percent in February. The index in January and February averaged 5 percent and 9 percent, respectively, under the 1974 level. While retail beef prices have fallen since last September, pork prices have trended higher. Even so, in February beef and veal prices averaged 14 percent under the February 1974 level and pork prices averaged 5 percent lower.

Meat Expenditures Dip Slightly

Preliminary meat consumption and price data for the first quarter indicate consumers may be spending slightly less money for meat this winter then they did in the fall. Per capita red meat expenditures for January-March are estimated to total about $47.50 down about $1 from the previous two quarters. If disposable incomes continue to grow in the first quarter, the proportion of income spent for meat will be down slightly from the fall, averaging about 4 percent of income.

Expenditures by class of meat in January-March are almost the same as in the fall. For beef, lower retail prices and the same consumption reduced expenditures


PER CAPITA EXPENDITURES FOR BEEF AND PORK*

*ESTIMATED FROM RETAIL WEIGHT OF CONSUMPTION TIMES AVERAGE RETAIL PRICE

Table 3—Expenditures per person and percent of income spent for red meat[1]

Year and quarter	Disposable income	Spent for beef[2]	Percentage	Spent for pork	Percentage	Spent for veal	Percentage	Spent for lamb	Percentage	Spent for all meat	Percentage
	Dollars	*Dollars*	*Percent*	*Dollars*	*Percent*	*Dollars*	*Percent*	*Dollars*	*Percent*	*Dollars*	*Percent*
1955	1,666	42.75	2.57	33.27	2.00	4.99	0.30	2.73	0.16	83.76	5.02
1960	1,937	51.57	2.66	33.76	1.74	4.10	.21	3.11	.16	92.54	4.78
1965	2,436	58.95	2.42	35.93	1.47	3.58	.15	2.61	.11	101.07	4.15
1970	3,376	82.92	2.46	48.20	1.43	2.98	.09	3.06	.09	137.16	4.06
1971											
I	883	20.54	2.33	11.76	1.33	.78	.09	.75	.08	33.83	3.83
II	900	21.80	2.42	11.42	1.27	.67	.07	.76	.08	34.65	3.85
III	906	22.87	2.52	11.91	1.31	.70	.08	.78	.09	36.26	4.00
IV	916	21.96	2.40	12.65	1.38	.84	.09	.79	.09	36.24	3.96
Year	3,605	87.11	2.42	47.74	1.32	2.98	.08	3.07	.09	140.90	3.91
1972											
I	930	23.91	2.57	13.04	1.39	.74	.08	.80	.09	38.49	4.14
II	947	24.03	2.54	12.31	1.30	.61	.06	.94	.10	37.89	4.00
III	966	25.02	2.59	12.66	1.31	.63	.07	.97	.10	39.28	4.07
IV	1,000	24.79	2.48	14.12	1.41	.80	.08	.74	.07	40.45	4.04
Year	3,843	97.75	2.54	52.17	1.36	2.77	.07	3.45	.09	156.14	4.06
1973											
I	1,036	26.74	2.58	14.62	1.41	.85	.08	.91	.09	43.12	4.16
II	1,061	26.35	2.48	14.74	1.39	.54	.05	.80	.08	42.43	4.00
III	1,085	28.08	2.59	15.83	1.46	.56	.05	.84	.08	45.31	4.18
IV	1,113	28.64	2.57	17.53	1.58	.76	.07	.66	.06	47.59	4.28
Year	4,295	109.89	2.56	62.90	1.46	2.73	.06	3.22	.08	178.74	4.16
1974[3]											
I	1,124	30.04	2.67	17.63	1.57	.79	.07	.68	.06	49.14	4.37
II	1,142	28.65	2.51	15.89	1.39	.58	.05	.67	.06	45.79	4.01
III	1,171	30.74	2.63	16.11	1.38	.98	.08	.72	.06	48.55	4.15
IV	1,186	29.99	2.53	17.09	1.44	1.35	.11	.70	.06	49.13	4.14
Year	4,623	119.51	2.59	66.76	1.44	3.71	.08	2.77	.06	192.75	4.17
1975[4]											
I	1,200	28.83	2.40	16.45	1.37	1.50	.12	.71	.06	47.49	3.96

[1] Estimated from retail weight of consumption times average retail price. Conversion factors of 0.74 for beef, 0.93 for pork, 0.83 for veal, and 0.89 for lamb and mutton were used to adjust carcass weight consumption to retail weight consumption. [2] Based on the average retail price of Choice grade beef and does not attempt to account for prices of other grades or the value of away-from-home consumption. [3] Preliminary. [4] Estimated.

about $1 per person. Smaller pork consumption was fully offset by higher prices keeping expenditures just under $16.50 per person during January-March, the same as October-December. Little change in retail prices or consumption for veal and lamb from the fall kept expenditures for these meats nearly steady.

Although meat demand is apparently holding up, recent evidence suggests growth in demand may have slowed considerably or even stopped this winter. The apparent lack of growth in demand during the winter is reason for concern about future developments. The performance of the general economy over the next several months could have a significant impact on the demand for meat. Recent legislation concerning income tax rebates, to be refunded in late spring or summer, could provide an additional influx of money into the economy, bolstering demand. These tax rebates may not be large enough on an individual basis to generate a significant increase in consumer spending for durables. Most likely such rebates would be used for savings, to repay small loans, and for spending on nondurables such as food and meat. Such an influx of money into the economy would arrive at a time when per capita meat supplies will be the lowest of the year.

Meat Consumption to Decline

Although beef consumption will remain large in the months ahead, some decline is likely in the spring from the higer winter level. A seasonal decline in nonfed beef supplies and continued low feedlot output will reduce beef availability in the April-June quarter, possibly cutting consumption about ½ pound per person from January-March. Smaller pork supplies, reflecting reduced pig crops, will mean some seasonal drop in pork consumption this spring, possibly ½-1 pound per person from the winter. Smaller meat supplies and a steady demand this spring add up to higher meat prices for April-June.

CATTLE

The cattle market during the winter was dominated by continued large slaughter supplies and depressed prices. Commercial cattle slaughter in January and February was up 14 and 21 percent, respectively, from a year earlier, and slaughter continued large in March. For January-March, commercial slaughter will total about 9.8 million head, just slightly smaller than the record 10.1 million head slaughtered during October-December 1974. Like fall, all of the year-to-year increase in slaughter was due to slaughter of more cows and nonfed steers and heifers. January-March cow slaughter will total near 2.2 million head, up 30 percent from last year. Fed cattle will make up less than 60 percent of January-March slaughter—about the same proportion as in the fall but well below the 72 percent of January-March 1974.

Fed cattle prices trended lower during the winter despite relatively low supplies of fed beef. Choice steers at Omaha averaged $38.28 per 100 pounds during October-December, fell to $36.27 in January, and $34.80 in February. In early March Choice steer prices were the lowest since the fall of 1972 at near $34 as weekly slaughter rates ran in excess of 700,000 head. By the end of March, however, slaughter turned lower and fed cattle prices rose sharply, topping $40 on most markets.

Choice steer prices per 100 pounds, Omaha

Month	1970	1971	1972	1973	1974	1975
	Dol.	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*
January	28.23	29.11	35.74	40.62	47.68	36.27
February ...	29.30	32.23	36.19	43.35	46.12	34.80
March	30.97	31.81	35.13	45.55	42.36	36.08
April	30.64	32.44	34.53	44.97	41.18	
May	29.52	32.88	35.66	46.05	40.04	
June	30.29	32.39	37.88	46.98	37.33	
July	31.12	32.44	38.21	48.05	43.98	
August	30.14	33.24	35.66	53.61	47.23	
September ..	29.32	32.62	34.85	45.45	41.41	
October	28.67	32.34	34.85	41.79	39.75	
November ...	27.21	33.58	33.56	39.88	38.04	
December ...	26.71	34.40	36.79	38.90	37.05	
Average	29.34	32.42	35.83	43.89	41.82	

Cattle on Feed Inventories Continue Down

Losses to cattle feeders continued this winter as depressed fed cattle prices fully offset declines in replacement cattle costs and some easing in feed prices. Feeders are quickly winding down their cattle feeding

Table 4— Beef supplies and prices

	Commercial cattle slaughter[1]						Average dressed weight	Commercial production	Per capita consumption[2]	Prices	
	Steers and heifers			Cows	Bulls and stags	Total				Retail	Choice steers Omaha
	Fed	NOn-fed	Total								
	1,000 head	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*	*1,000 head*	*Lb.*	*Mil. lb.*	*Lb.*	*Cent/ lb.*	*$/cwt.*
1971: I ...	6,380	572	6,952	1,500	135	8,587	619	5,300	27.7	100.2	31.05
II ...	6,480	687	7,167	1,586	164	8,917	612	5,445	28.1	104.8	32.57
III ...	6,820	666	7,486	1,614	179	9,279	602	5,574	29.3	105.4	32.77
IV ...	6,380	592	6,972	1,675	155	8,802	613	5,378	27.9	106.6	33.44
Year	26,060	2,517	28,577	6,375	633	35,585	611	21,697	113.0	104.2	32.42
1972: I ...	6,630	402	7,032	1,518	148	8,698	619	5,370	28.1	114.4	35.69
II ...	6,930	452	7,382	1,474	166	9,022	619	5,566	28.9	112.3	36.02
III ...	7,140	223	7,363	1,472	180	9,015	618	5,559	29.3	115.3	36.24
IV ...	6,970	395	7,365	1,528	151	9,044	635	5,723	29.7	113.2	35.06
Year	27,670	1,472	29,142	5,992	645	35,779	623	22,218	116.0	113.8	35.83
1973: I ...	6,770	146	6,916	1,590	156	8,662	624	5,393	28.0	129.2	43.17
II ...	6,470	86	6,556	1,434	165	8,155	621	5,049	26.2	135.8	46.00
III ...	6,080	204	6,284	1,533	180	7,997	626	4,998	26.8	141.8	49.04
IV ...	6,570	437	7,007	1,691	175	8,873	638	5,648	28.6	135.1	40.19
Year	25,890	873	26,763	6,248	676	33,687	628	21,088	109.6	135.5	43.89
1974: I ...	6,100	552	6,652	1,689	162	8,503	638	5,429	28.0	145.1	45.39
II ...	6,430	814	7,244	1,390	179	8,813	640	5,637	28.8	134.5	39.52
III ...	5,680	1,518	7,198	1,916	244	9,358	614	5,749	29.4	141.0	44.21
IV ...	5,670	1,684	7,354	2,517	232	10,103	595	6,013	30.1	134.5	38.28
Year	23,880	4,568	28,448	7,512	817	36,777	621	22,828	116.3	138.8	41.82
1975[3]: I[3] ..	5,600	1,745	7,345	2,200	205	9,750	600	5,850	30.2	129.3	35.72
II[4] ..	5,500	1,800	7,300	2,100	220	9,620	603	5,800	29.7	137.0	42-44
III[4] .	5,400	2,000	7,400	2,650	250	10,300	602	6,200	30.9	133.0	40.42

[1] Classes estimated. [2] Total including Farm Production. [3] Preliminary. [4] Forecast.

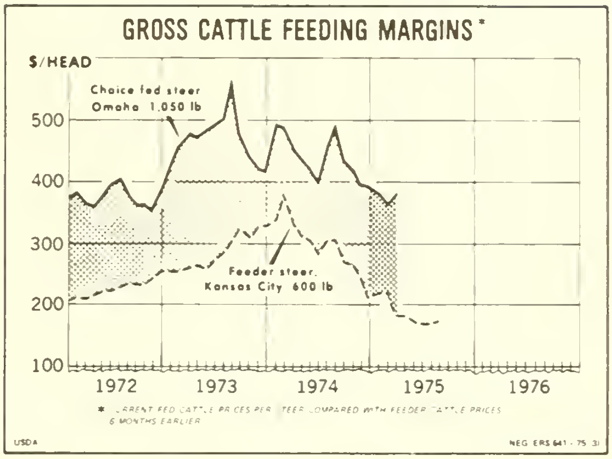
Gross cattle feeding margins[1]

Year	Fed cattle[2]	Feeder cattle[3]	Gross margin
	Dollars per steer	*Dollars per steer*	*Dollars per steer*
1972			
January	374	206	168
February	381	211	170
March	369	210	159
April	362	214	148
May	375	221	154
June	398	223	175
July	403	228	175
August	375	233	142
September	364	232	132
October	367	231	136
November	353	243	110
December	387	252	135
1973			
January	427	252	175
February	457	252	205
March	479	260	219
April	473	265	208
May	480	259	221
June	491	275	216
July	500	284	216
August	556	306	250
September	474	324	150
October	440	311	129
November	421	327	94
December	413	329	84
1974			
January	495	339	156
February	487	374	113
March	450	330	120
April	436	311	125
May	425	306	119
June	399	286	113
July	459	303	156
August	490	305	185
September	434	269	165
October	416	265	151
November	396	241	155
December	391	211	180
1975			
January	382	220	162
February	365	220	145
March	379	183	196

[1] Current fed prices per steer compared with feeder cattle prices 6 months earlier. [2] Choice steers at Omaha, 1,050 lb. [3] Choice steers at Kansas City, 600 lb.

operations after 18 months of continuous losses. Hardest hit are the larger feedlots in the Southern and Southwestern States which rely heavily on outside capital for continued operation. Cattle on feed inventories in Arizona, California, and Texas on March 1, for example, were only about half of last year's level. Feeders in Iowa reduced inventories to about two-thirds of the March 1974 level. This year Iowa once again reported the largest inventory of cattle on feed for the first time since 1972, when Texas became the largest cattle feeding State.

The 7 major cattle feeding States reporting monthly data indicated 5.5 million cattle on feed March 1, down 41 percent from a year earlier and 43 percent from the


GROSS CATTLE FEEDING MARGINS *

7 States Cattle on Feed, Placements and Marketings

Year	On feed	Change, previous year	Placements	Change, previous year	Marketings	Change, previous year
	1,000 head	*Percent*	*1,000 head*	*Percent*	*1,000 head*	*Percent*
1972						
Jan.	9,110	+10.8	1,785	+1.4	1,602	+0.9
Feb.	9,293	+9.5	1,268	+15.0	1,540	+10.4
Mar.	9,021	+10.1	1,485	-0.2	1,572	-0.6
Apr.	8,934	+12.7	1,492	+6.6	1,546	+4.0
May	8,880	+10.9	1,953	+22.9	1,758	+17.2
June	9,075	+12.0	1,721	+23.7	1,679	+5.2
July	9,117	+17.3	1,277	+4.0	1,480	-5.2
Aug.	8,914	+18.0	1,549	+1.3	1,782	+8.8
Sept.	8,681	+16.7	1,893	-4.6	1,794	+4.9
Oct.	8,780	+15.1	2,638	+8.2	1,840	+13.1
Nov.	9,578	+13.5	1,833	-3.8	1,735	+13.1
Dec.	9,676	+9.8	1,836	+5.9	1,628	+13.4
1973						
Jan.	9,884	+8.5	1,830	+2.5	1,721	+7.4
Feb.	9,993	+7.5	1,183	-6.7	1,541	+0
Mar.	9,635	+6.8	1,563	+5.3	1,623	+3.2
Apr.	9,575	+7.2	1,186	-20.5	1,440	-6.9
May	9,321	+5.0	1,785	-8.6	1,688	-4.0
June	9,418	+3.8	1,596	-7.3	1,557	-7.3
July	9,457	+3.7	1,133	-11.3	1,498	+1.2
Aug.	9,092	+2.0	1,469	-5.2	1,410	-20.9
Sept.	9,151	+5.4	1,446	-23.6	1,490	-16.9
Oct.	9,107	+3.7	2,133	-19.1	1,773	-3.6
Nov.	9,467	-1.2	1,647	-8.3	1,639	-5.5
Dec.	9,475	-2.1	1,411	-23.1	1,533	-5.8
1974						
Jan.	9,353	-5.4	1,837	+0.4	1,558	-9.5
Feb.	9,632	-3.6	956	-19.2	1,340	-13.0
Mar.	9,248	-4.0	1,132	-27.8	1,577	-2.8
Apr.	8,803	-8.1	1,177	-0.8	1,629	+13.1
May	8,351	-10.4	1,085	-39.2	1,551	-8.1
June	7,885	-16.3	801	-49.8	1,540	-1.1
July	7,146	-24.4	1,218	+7.5	1,357	-9.4
Aug.	7,007	-22.9	1,140	-21.8	1,301	-7.7
Sept.	6,855	-25.1	1,041	-28.0	1,324	-11.1
Oct.	6,572	-27.8	1,741	-18.4	1,517	-14.4
Nov.	6,796	-28.2	1,168	-29.1	1,338	-18.4
Dec.	6,626	-30.1	1,091	-22.7	1,348	-12.1
1975						
Jan.	6,369	-31.9	1,039	-43.4	1,354	-13.1
Feb.	6,050	-37.2	699	-26.9	1,286	-4.0
Mar.	5,463					

record 9.6 million cattle on feed in these States 2 years earlier.

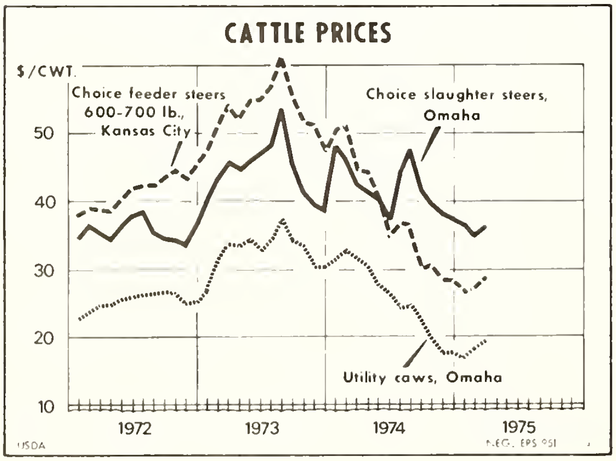
Placing heavier feeder cattle into feedlots for shorter periods of time, increasing the turnover rate, has allowed numbers of fed cattle marketed this winter to remain near the level of last summer and fall, even though inventories are much smaller. In the 7 major feeding States, for example, marketings in February were only 4 percent under a year earlier, although inventories at the beginning of the month were down 37 percent.

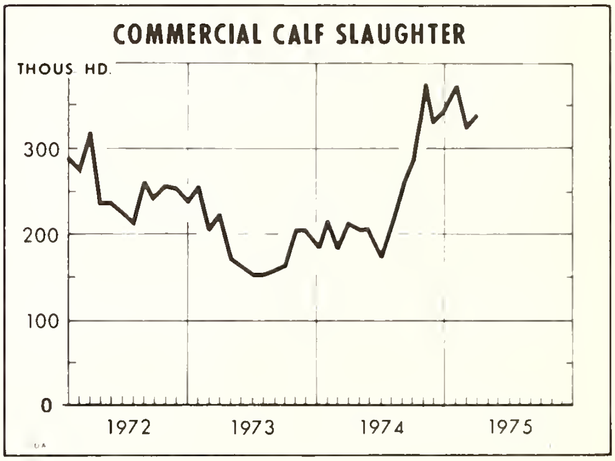
But marketings cannot be sustained indefinitely while inventories are being reduced. Once feedlots can no longer increase their turnover rate by placing increasingly heavier cattle on feed, marketings must either decline sharply in line with the smaller inventory, or placements must increase to equal or exceed marketings, to maintain inventories. Steers and heifers weighing over 500 pounds on January 1 this year were already fewer in number than last year, and many of these cattle in the inventory on January 1 have already been slaughtered as nonfeds or have been placed on feed. Nonfed steer and heifer slaughter during January-March continued near the high fall level.

Given the sharp reduction in placements and inventories of cattle on feed this winter, fed cattle marketings likely may begin to decline more sharply in the spring than earlier expected. It is improbable that turnover rates can be further increased sufficiently to maintain fed cattle marketings through the spring months at the level that has prevailed for the past 9 months.

Cattle Prices to Rise

Several signs point to some further price strength in the cattle market during the spring, even though much of that strength will likely be temporary. The possible reduction in fed cattle marketings from current and year-earlier levels is one factor. In addition, green pastures may encourage a temporary reduction in cow slaughter. Many cows slaughtered during the winter were forced to market because of limited feed supplies or the high cost of feed. Cow-calf operators are reluctant to sell cows at depressed prices if they have enough grass to hold their herd. However, nonfed steer and heifer slaughter this spring will likely remain large. Many calves and yearlings have been carried through the winter in anticipation of a better market this spring. But even if nonfed steer and heifer slaughter remains large, total slaughter will likely decline from winter. While the improved cattle market will encourage placements, feeder cattle offerings will likely still exceed demand from feedlots. The remainder will go to slaughter to make room for the 1975 calf crop.





Some reduction in slaughter numbers could result in short term strengthening prices of fed cattle and cows. Choice steers could average $42-$44 per 100 pounds during April-June, and cows could average in the $20-$25 range, up from March lows of under $18.

Utility cow prices per 100 pounds, Omaha

Month	1970	1971	1972	1973	1974	1975
	Dollars	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*
January	20.93	19.98	22.61	26.67	31.45	16.82
February ...	22.18	20.98	23.80	31.43	32.65	18.18
March	23.24	22.03	24.73	33.90	31.76	19.45
April	23.23	21.48	24.70	33.59	30.49	
May	22.64	22.30	25.51	34.26	27.67	
June	22.58	22.03	26.00	33.09	26.39	
July	20.85	21.68	26.22	34.21	24.22	
August	20.48	21.72	26.18	37.56	24.54	
September ..	21.13	21.84	26.57	34.58	22.56	
October	20.84	22.30	26.19	33.68	19.68	
November ...	19.04	21.45	24.98	30.71	17.62	
December ...	18.77	21.64	25.02	30.10	17.67	
Average ...	21.32	21.62	25.21	32.82	25.56	

Unless feed prices start climbing again in the spring, a higher fed cattle market could generate some interest in cattle feeding, especially in the Corn Belt States. If fed cattle prices reach the low to mid-$40's, placements during April-June might increase from year-earlier levels for the first time since January-March 1973. The volume of feeders moving into feedlots this spring will remain

Table 5—Corn Belt Cattle Feeding

Selected expenses at current rates[1]

Purchased during Marketed during	Feb. Aug.	Mar. Sept.	Apr. Oct.	May Nov.	June Dec.	July Jan. 75	Aug. Feb.	Sept. Mar.	Oct. Apr.	Nov. May	Dec. June	Jan. 75 May	Feb. June	Mar. July
	Dollars per head	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*
Expenses														
600 lb. feeder steer	304.80	268.86	264.90	240.84	210.60	221.28	220.20	182.94	185.64	172.26	169.62	158.70	161.76	172.50
Transportation to feedlot (400 miles)	4.80	4.80	5.04	5.04	5.04	5.04	5.04	5.04	5.28	5.28	5.28	5.28	5.28	5.28
Corn (45 bu.)	125.55	120.15	107.55	110.70	117.00	134.10	152.55	148.05	157.05	148.50	147.60	137.70	128.70	121.05
Silage (1.7 tons)	33.46	32.37	30.28	30.38	30.58	33.95	38.71	37.93	40.26	39.47	41.62	40.17	38.05	37.11
30% protein supplement (270 lb.)	24.17	23.22	23.09	21.74	20.93	21.60	26.60	24.84	26.73	25.78	25.38	24.57	23.22	22.14
Hay (400 lb.)	6.95	6.90	7.10	6.75	6.05	6.15	7.05	7.10	7.55	8.16	9.80	10.10	9.80	10.16
Labor (4 hours)	9.04	9.04	9.20	9.20	9.20	9.44	9.44	9.44	9.84	9.84	9.84	9.92	9.92	9.92
Management[2]	4.52	4.52	4.60	4.60	4.60	4.72	4.72	4.72	4.92	4.92	4.92	4.96	4.96	4.96
Vet medicine[3]	2.58	2.60	2.66	2.67	2.69	2.72	2.80	2.84	2.86	2.89	2.91	2.90	2.89	2.88
Interest on purchase (6 mo.)	14.48	12.77	13.91	12.64	11.06	11.57	11.56	9.60	9.75	9.04	8.90	8.33	8.49	9.06
Power, equip, fuel, shelter, depreciation[3]	11.95	12.03	12.32	12.36	12.45	12.56	12.93	13.13	13.22	13.37	13.44	13.52	13.48	13.42
Death loss (1% of purchase)	3.05	2.69	2.65	2.41	2.11	2.20	2.20	1.83	1.86	1.72	1.70	1.59	1.62	1.72
Transportation (100 miles)	2.10	2.10	2.21	2.21	2.21	2.21	2.21	2.21	2.31	2.31	2.31	2.31	2.31	2.31
Marketing expenses	3.30	3.30	3.30	3.30	3.30	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Miscellaneous & indirect costs[3]	5.17	5.20	5.33	5.35	5.38	5.43	5.59	5.68	5.72	5.78	5.81	5.85	5.83	5.80
Total	555.92	510.55	494.14	470.19	443.20	476.32	504.95	458.70	476.34	452.67	452.48	429.25	419.66	421.66
	Dollars per cwt.	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*
Selling price/cwt. required to cover feed and feeder costs (1050 lbs.)	47.14	43.00	41.23	39.09	36.68	39.72	42.39	38.18	39.74	37.54	37.53	35.36	34.43	34.57
Selling price/cwt. required to cover all costs (1050 lbs.)	52.94	48.62	47.06	44.78	42.21	45.36	48.09	43.69	45.37	43.11	43.09	40.88	39.97	40.16
Feed cost per 100 lb. gain	42.25	40.59	37.34	37.68	38.79	43.51	49.98	48.43	51.46	49.31	49.87	47.23	44.39	42.32
Choice steers, Omaha	47.23	41.41	39.75	38.04	37.05	36.27	34.80							
Net margin/cwt.	-5.71	-7.21	-7.31	-6.74	-5.16	-9.09	-13.29							
Prices														
Feeder steer choice (600-700 lbs., Kansas City/cwt.)	50.80	44.81	44.15	40.14	35.10	36.88	36.70	30.49	30.94	28.71	28.27	26.45	26.96	28.75
Corn/(bu.)[4]	2.79	2.67	2.39	2.46	2.60	2.98	3.39	3.29	3.49	3.30	3.28	3.06	2.86	2.69
Hay/ton[4]	34.75	34.50	35.50	33.75	30.25	30.75	35.25	35.50	37.75	40.75	49.00	50.50	49.00	50.75
Corn silage /ton[5]	19.68	19.04	17.81	17.87	17.99	19.97	22.77	22.31	23.68	23.22	24.48	23.63	23.38	21.83
30%, Protein supplement/cwt.[6]	8.95	8.60	8.55	8.05	7.75	8.00	9.85	9.20	9.90	9.55	9.40	9.10	8.60	8.50
Farm Labor/hour[6]	2.26	2.26	2.30	2.30	2.30	2.36	2.36	2.36	2.46	2.46	2.46	2.48	2.48	2.48
Interest annual rate	9.50	9.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Transportation rate/cwt. 100 mile	.20	.20	.21	.21	.21	.21	.21	.21	.22	.22	.22	.22	.22	.22
Marketing expenses[8]	3.30	3.30	3.30	3.30	3.30	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35	3.35
Index of prices paid by farmers (1910-14=100)	545	549	562	564	568	573	590	599	603	610	613	617	615	612

[1] Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feeders. For individual use, adjust expenses and prices for management, production level and locality of operation. [2] Assumes one hour at twice the labor rate. [3] Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes and wage rates. [4] Average price received by farmers in Iowa and Illinois. [5] Corn silage price derived from an equivalent price of 5 bushels corn and 330 lb. hay. [6] Average price paid by farmers in Iowa and Illinois. [7] Converted from cents/mile for a 44,000 pound haul. [8] Yardage plus commission fees at a midwest terminal market.

Table 6—Texas Panhandle Cattle Feeding

Selected expenses at current rates[1]

Purchased during Marketed during	Feb. Aug.	Mar. Sept.	Apr. Oct.	May Nov.	June Dec.	July Jan. 75	Aug. Feb.	Sept. Mar.	Oct. Apr.	Nov. May	Dec. June	Jan. 75 July	Feb. Aug.	Mar. Sept.
	Dollars per head	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*
Expenses														
600 lb. Feeder steer	260.28	235.26	240.60	205.80	168.36	189.24	174.00	150.72	151.80	171.00	133.68	133.98	129.36	143.52
Transportation to feedlot (150 mi.)	1.80	1.80	1.89	1.89	1.89	1.89	1.89	1.89	1.98	1.98	1.98	1.98	1.98	1.98
Commission	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Sorghum grain (2156 lb.)	99.82	98.31	85.38	81.07	79.77	89.47	108.45	113.62	125.48	126.77	115.13	110.39	90.34	86.02
Corn (18 bu.)	52.20	50.94	45.54	45.54	46.26	49.32	56.88	59.58	61.74	60.12	58.32	53.82	49.14	46.08
Urea (20 lb.)	.92	.92	1.94	1.94	1.94	1.94	1.94	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Cottonseed hulls (352 lb.)	8.80	8.80	8.80	8.80	8.80	8.80	9.24	9.86	10.56	10.67	11.02	11.00	10.91	9.43
Alfalfa cubes (352 lb.)	25.30	23.54	23.54	25.08	22.88	24.20	25.74	27.06	27.06	27.28	26.40	26.18	24.89	23.76
Labor (2 hours)	3.72	3.72	3.80	3.80	3.80	3.90	3.90	3.90	3.94	3.94	3.94	3.96	3.96	3.96
Management[2]	3.72	3.72	3.80	3.80	3.80	3.90	3.90	3.90	3.94	3.94	3.94	3.96	3.96	3.96
Vet medicine[3]	2.58	2.60	2.66	2.67	2.69	2.72	2.80	2.84	2.86	2.89	2.91	2.92	2.92	2.90
Interest on purchase (6 mo.)	12.36	11.17	12.63	10.80	8.84	9.94	9.14	7.91	7.97	8.98	7.02	7.03	6.79	7.53
Power, equip., fuel, shelter, dep.[3]	11.95	12.03	12.32	12.36	12.45	12.56	12.93	13.13	13.22	13.37	13.44	13.52	13.48	13.42
Death Loss (1.1% of purchase)	2.86	2.59	2.65	2.26	1.85	2.08	1.91	1.66	1.67	1.88	1.47	1.47	1.42	1.44
Transport and Marketing expense[4]	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.
Miscellaneous & Indirect costs[3]	5.17	5.20	5.33	5.35	5.38	5.43	5.59	5.68	5.72	5.78	5.81	5.85	5.83	5.80
Total	494.48	463.60	452.86	414.16	371.71	408.39	421.31	407.05	423.24	443.90	390.36	381.36	350.28	355.10
	Dollars per cwt.	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*
Selling price required/cwt. to cover feed & feeder costs[5]	44.38	41.45	40.26	36.53	32.54	36.01	37.33	36.03	37.59	39.50	34.41	33.50	30.45	30.86
Selling price required/cwt. to cover all costs[5]	49.06	45.99	44.93	41.09	36.88	40.51	41.80	40.38	41.99	44.04	38.73	37.84	34.75	35.23
Feed cost/100 lb. gain	41.56	40.56	36.71	36.10	35.48	38.61	44.94	47.20	50.48	50.48	47.37	45.27	39.47	37.24
Good and Choice slaughter steers, Texas/cwt.	45.60	39.53	38.84	36.86	36.69	35.47	33.45	34.72						
Net margin/cwt.	-3.46	-6.46	-6.09	-4.23	-.19	-5.04	-8.35	-5.66						
Prices														
Good feeder steer 600 lb. Amarillo/cwt.	43.38	39.21	40.10	34.30	28.06	31.54	29.00	25.12	25.30	28.50	22.28	22.33	21.56	23.92
Transportation rate/cwt. 100 mi.[6]	.20	.20	.21	.21	.21	.21	.21	.21	.22	.22	.22	.22	.22	.22
Commission fee/cwt.	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Sorghum grain/cwt.[7]	4.63	4.56	3.96	3.76	3.70	4.15	5.03	5.27	5.82	5.88	5.34	5.12	4.19	3.99
Corn/bu.	2.90	2.83	2.53	2.53	2.57	2.74	3.16	3.31	3.43	3.34	3.24	2.99	2.73	2.56
Alfalfa cubes/ton	143.75	133.75	133.75	142.50	130.00	137.50	146.25	153.75	153.75	155.00	150.00	148.75	141.30	135.00
Cottonseed Hulls/ton	50.00	50.00	50.00	50.00	50.00	50.00	52.50	56.00	60.00	60.50	62.50	62.50	62.00	53.50
Urea/ton[8]	92.00	92.00	194.00	194.00	194.00	194.00	194.00	230.00	230.00	230.00	230.00	230.00	230.00	230.00
Farm labor[8]	1.86	1.86	1.90	1.90	1.90	1.95	1.95	1.95	1.97	1.97	1.97	1.98	1.98	1.98
Interest rate	9.50	9.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Index of prices paid by farmers (1910-14=100)	545	549	562	564	568	573	590	599	603	610	613	617	615	612.

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[1] Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. [2] Assumes one hour at twice the labor rate. [3] Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes and wage rates. [4] Most cattle are sold F.O.B. the feedlot with 4% shrink. [5] Sale weight = 1008 lbs. (1050-4% shrink). [6] Converted from cents per mile for a 44,000 pound haul. [7] Average price received by farmers in Texas. [8] Average price paid by farmers in Texas.

Table 7 – California Cattle Feeding

Selected expenses at current rates[1]

Purchased during Marketed during	Feb. Nov.	Mar. Dec.	Apr. Jan. 75	May Feb.	June Mar.	July Apr.	Aug. May	Sept. June	Oct. July	Nov. Aug.	Dec. Sept.	Jan. 75 Oct.	Feb. Nov.	Mar. Dec.
	Dollars per head	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*
Expenses														
450 lb. feeder steer	233.55	212.76	203.63	175.50	142.29	144.95	139.50	117.54	113.22	101.52	99.14	95.08	97.74	102.64
Transportation to Feedlot (1400 miles)	12.60	12.60	13.23	13.23	13.23	13.23	13.23	13.23	13.86	13.86	13.86	13.86	13.86	13.86
Commission	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Barley (70 bu.)	205.10	207.20	174.30	162.40	165.20	175.70	212.80	219.10	228.90	237.30	237.30	233.10	205.80	186.20
41% Cottonseed Meal (59 lb.)	6.49	5.90	5.90	5.55	5.37	5.13	5.66	5.90	5.43	5.66	5.31	5.66	5.25	5.13
Urea (28 lb.)	1.47	1.47	2.66	2.66	2.66	2.66	2.66	3.01	3.01	3.01	3.01	3.01	3.01	3.01
Alfalfa hay (862 lb.)	31.68	31.25	31.03	28.88	28.02	27.15	27.37	27.15	27.37	27.58	27.58	27.58	26.55	26.29
Labor (2 hours)	4.72	4.72	4.82	4.82	4.82	4.98	4.98	4.98	5.08	5.08	5.08	5.20	5.20	5.20
Management[2]	4.72	4.72	4.82	4.82	4.82	4.98	4.98	4.98	5.08	5.08	5.08	5.20	5.20	5.20
Vet Medicine[3]	2.58	2.60	2.66	2.67	2.69	2.72	2.80	2.84	2.86	2.89	2.91	2.92	2.92	2.90
Interest on purchase (9 months)	16.65	15.17	16.05	13.83	11.21	11.41	10.99	9.26	8.92	7.99	8.67	7.49	7.70	8.08
Power, equip., fuel, shelter, depreciation[3]	11.95	12.03	12.32	12.36	12.45	12.56	12.93	13.13	13.22	13.37	13.44	13.52	13.48	13.42
Death Loss (2% of purchase)	4.67	4.26	4.07	3.51	2.85	2.90	2.79	2.35	2.26	2.03	1.98	1.90	1.95	2.05
Transport & marketing expenses[4]	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.	F.O.B.
Miscellaneous and indirect costs[3]	5.17	5.20	5.33	5.35	5.38	5.43	5.59	5.68	5.72	5.78	5.81	5.85	5.83	5.80
Total	543.60	522.13	483.07	437.83	403.24	416.05	448.53	431.40	437.18	433.40	431.42	422.62	396.74	382.03
	Dollars per cwt.	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*
Selling price required/cwt. to cover feed and feeder costs[5]	48.61	46.60	42.43	38.11	34.91	36.14	39.43	37.88	38.41	38.12	37.84	37.04	34.39	32.85
Selling price required/cwt. to cover all costs[5]	55.24	53.06	49.09	44.49	40.98	42.28	45.58	43.84	44.43	44.04	43.84	42.95	40.32	38.82
Feed cost/100 lb. gain	42.56	42.75	37.20	34.69	35.00	36.63	43.22	44.38	46.04	47.57	47.51	46.84	41.85	38.37
Choice slaughter steers-california/cwt.	38.75	38.75	39.65	37.19	38.81									
Net margin/cwt.	-16.49	-14.31	-9.44	-7.30	-2.17									
Prices														
Feeder steer (Good, 400-500 lbs. Fort Worth/cwt.)	51.90	47.28	45.25	39.00	31.62	32.21	31.00	26.12	25.16	22.56	22.03	21.13	21.72	22.81
Transportation rate/cwt. (100 miles)[6]	.20	.20	.21	.21	.21	.21	.21	.21	.22	.22	.22	.22	.22	.22
Commission fee/cwt.	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Barley/bushel[7]	2.93	2.96	2.49	2.32	2.36	2.51	3.04	3.13	3.27	3.39	3.39	3.33	2.94	2.66
Alfalfa hay/ton[7]	73.50	72.50	72.00	67.00	65.00	63.00	63.50	63.00	63.50	64.00	64.00	64.00	61.50	61.00
41% Cottonseed meal/cwt.[8]	11.00	10.00	10.00	9.40	9.10	8.70	9.60	10.00	9.20	9.60	9.00	9.60	8.90	8.70
Urea/ton[8]	105.00	105.00	190.00	190.00	190.00	190.00	190.00	215.00	215.09	215.00	215.00	215.00	215.00	215.00
Farm labor/hour[8]	2.36	2.36	2.41	2.41	2.41	2.49	2.49	2.49	2.54	2.54	2.54	2.60	2.60	2.60
Interest rate	9.50	9.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Index of prices paid by farmers (1910-14=100)	545	549	562	564	568	573	590	599	603	610	613	617	615	612

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[1] Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. [2] Assumes one hour at twice the labor rate. [3] Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. [4] Most cattle are sold F.O.B. the feedlot with a 4% shrink. [5] Sale weight = 984 lbs. (1025 less 4% shrink). [6] Converted from cents per mile for a 44,000 pound haul. [7] Average price received by farmers in California. [8] Average price paid by farmers in California.

low by historical standards, but any increased movement would help relieve some pressure on the slaughter market for a time if nonfed steer and heifer slaughter stops growing. This would also be a price strengthening factor in the fed cattle market. With relatively steady feed prices and a higher fed cattle market, feeder cattle prices could also rise, averaging $30-$35 per 100 pounds in the spring. Choice 600-700 pound feeder steers at Kansas City near the end of March were selling near $31 per 100 pounds, with calves weighing 300-500 pounds near $32.

Feeder cattle prices per 100 pounds, Kansas City

Month	Choice feeder steers 600-700 lbs.			Choice feeder steer calves[1]		
	1973	1974	1975	1973	1974	1975
	Dol.	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*
Jan.	47.33	50.58	26.45	51.95	54.66	25.09
Feb.	50.98	47.95	26.96	56.10	54.45	26.29
Mar.	54.01	44.81	28.75	62.72	54.02	29.14
Apr.	51.82	44.15		60.42	50.30	
May	54.55	40.14		62.59	45.48	
June	54.85	35.10		62.42	39.96	
July	56.49	36.72		64.40	37.72	
Aug.	62.40	36.70		72.52	36.84	
Sept.	55.06	30.49		62.80	32.40	
Oct.	51.86	30.94		59.46	30.47	
Nov.	51.02	28.71		56.42	27.31	
Dec.	47.71	28.27		52.59	26.54	
Av.	53,17	37.88		60.36	40.85	

[1] 400-500 lbs.

Second Half Prospects

Cattle slaughter supplies are potentially large for later in the year. However, with feedlot inventories shrinking, a smaller proportion of slaughter will be supplied by feedlots. The far larger number of cattle outside of feedlots have no timetable for slaughter and can come to market at any time depending on weather and other short term market developments. With fewer cattle "scheduled" to go to market from feedlots, slaughter supplies and prices could be unusually volatile for the next several months. General optimism among cattlemen for a rising market could temporarily reduce nonfed slaughter supplies in the short term, producing a spurt in prices, as was the case in late March when slaughter dropped and fed cattle prices rose almost $4 per 100 pounds in 2 days. Premature optimism could delay adjustments in the size of the cow herd which must take place to insure cattlemen of reasonable returns in the years ahead.

Slaughter and prices in the second half of the year will be heavily dependent on pasture and range conditions and prospects for the feed grain harvest. The very best growing conditions this summer would tend to produce the lowest slaughter levels. More feeder cattle would begin to move back into feedlots in late summer and fall, cow slaughter probably would stabilize at a high level, and fed beef output would remain low until sometime in 1976. Thus, any sharp declines in feed prices by midsummer could tend to leave a "hole" in our beef supplies as placements would surge, reducing nonfed steer and heifer slaughter and cow slaughter would level off. With no increase in beef supplies, cattle prices could move sharply higher for a short time.

Any possible surge in placements later this year would likely be noticed first in the Corn Belt. If corn prices decline much, grain farmers will be anxious to find alternatives to selling grain. Hog numbers will be small and cannot be increased in time to consume larger feed supplies until later in the feeding year. But with ample feeder cattle supplies, many midwestern farmers could feed more of their corn to cattle.

Alternatively, poor growing conditions on the range this summer, particularly if coupled with another restricted feed grain harvest next fall and continued high feed prices, would tend to produce the largest beef supplies with lower cattle prices later in the year. With a summer drought, feed supplies would not be adequate to sustain the cattle herd outside of feedlots through another winter. Slaughter could grow large enough to significantly reduce the herd size by January 1, 1976. Cattle prices in the fall could then drop below the depressed levels of this winter.

The Southeastern States would be most vulnerable to drought this year since the cattle herd has grown the most in this area. Many areas of the Southeast are already overgrazed this spring. While the cattle herd grew 3 percent in the United States last year, Alabama, Arkansas, and Tennessee all reported a more than 20 percent increase in herd size. Florida, Georgia, Kentucky, and Mississippi reported a growth of 15-20 percent. Of the 23 States reporting a 5 percent or greater gain in herd size this January 1 over a year earlier, 17 States were east of the Mississippi River. Texas with the largest herd on January 1, had only 2 percent more than in 1974, and number 2 Iowa had a 4 percent smaller herd. Nebraska, the third ranking cattle State, reduced inventories 7 percent last year.

Thus, this summer's weather will be a critical factor affecting beef output several years down the road. Assuming moderate weather and a reasonably good feed grain crop this fall, the cattle industry will be struggling under burdensome slaughter supplies this year and next, and any sharp price increases would likely be temporary. At this time it looks like the industry may not be working into a period of sustained price improvement until 1977.

How Big is the Herd?

Optimism for higher cattle prices over the longer term soon fades when looking at the current size of the cattle herd. Continued additions to the cow herd in 1974 may provide another record large calf crop this year. And backing up the record large cow herd are 8 percent more heifers waiting to go into the beef cow

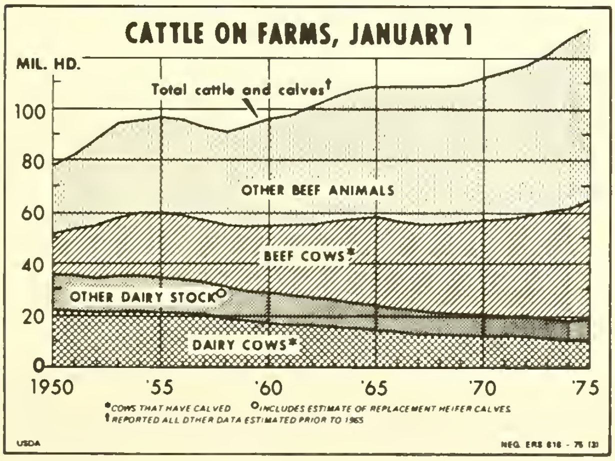
Table 8—Number of livestock on farms and ranches January 1, United States, 1965 to date

Year	Number on farms January 1				Index numbers, by groups (1967=100)			
	All cattle and calves	All sheep and lambs	Hogs[1]	Chickens[1]	Total livestock and poultry	Meat animals	Milk cattle	Poultry
	1,000 head	*1,000 head*	*1,000 head*	*1,000 head*				
1965	109,000	25,127	57,030	401,813	101	101	112	92
1966	108,862	24,734	50,519	400,242	99	99	106	93
1967	108,783	23,953	57,125	428,705	100	100	100	100
1968	109,371	22,223	58,818	424,361	100	100	96	97
1969	110,015	21,350	60,829	417,971	101	101	92	95
1970	112,369	20,423	57,046	422,096	102	102	89	96
1971	114,578	19,686	67,433	433,903	105	105	87	99
1972	117,862	18,710	62,507	425,576	107	107	87	97
1973	121,534	17,724	59,180	406,241	109	109	86	93
1974	127,670	16,394	61,106	412,503	114	114	84	95
1975	131,826	14,538	55,062	382,793	116	116	84	87

[1] Number on farms December 1, preceding year.

herd. Even at the current high level of cow slaughter, the cow herd could continue to grow this year if the usual percentage of heifers intended for replacement are actually put into the cow herd. However, many of the heifers intended for cow replacement on January 1 may actually find their way to slaughter or feedlots later this year. Heifer slaughter in March began to make up a larger proportion of the total than earlier in the year.

The total cattle herd grew another 4 million herd last year despite the record kill of cattle. The current size of the herd, 131.8 million head, is quite large in terms of potential slaughter supplies. Even though cattle slaughter in 1974 was record large, cattle and calf slaughter combined was only 32 percent of the January 1 inventory and totaled only 40.5 million head. This number was smaller than 10 years ago when the herd totaled only 109 million head. Moreover, slaughter in 1974 was only ½ million larger than 20 years ago when the herd was only 97 million head. If about 40 percent of the herd was slaughtered this year, as was the case in 1955 and again in 1965, slaughter would total almost 53 million head of cattle and calves, 30 percent more than 1974. Increases of this magnitude in slaughter are highly unlikely in the absence of severe drought this summer, but the figures illustrate how large the herd really is. Just to stop the growth in the herd this year, cattle and calf slaughter would need to total more than 46 million head, 15 percent more than 1974. Slaughter is running near these rates so far this year and continuing these rates for the remainder of 1975 would mean little or no increase in the number of cattle on farms this year.



Cattle Cycle Peaking

The current cyclical transition from smaller to larger supplies is not new to the industry; it has occurred every 10-12 years when the growth in the beef supply finally outruns growth in consumer demand, producing a break in cattle prices. The turning point in the mid-1950's resulted in an 8 percent increase in cattle and calf slaughter during 1952, followed by a 31 percent increase in 1953. Choice steer prices dropped from $35 per 100 pounds in 1951 to $23 in 1953. Feeder calves dropped from $38 to $21 during the same period. In that cycle the calf crop kept growing until 1956 and slaughter didn't peak until 1957. The price break in the mid-1960's was not as severe. Slaughter increased 12 percent in 1964 and Choice steer prices dropped from $26.50 in 1962 to nearly $22 in 1964. Feeders dropped from $28 to $23 in that same period. However, the calf crop continued to increase in 1965 and slaughter didn't peak until 1966.

Although the cyclical transition in the mid-1970's is not without precedent, it is producing the greatest financial hardship for cattlemen in at least 20 years. The transition this time has been aggravated by consumer boycotts, government price controls, drought conditions, record high feed prices, energy problems, and worsening conditions in the general economy. Many cattle feeders have reported losses between $50 and $200 per head since late 1973, even though fed cattle prices last year averaged the second highest on record at near $42, only $2 below 1973. Feeder cattle prices, however, dropped nearly 50 percent from the beginning to the end of 1974.

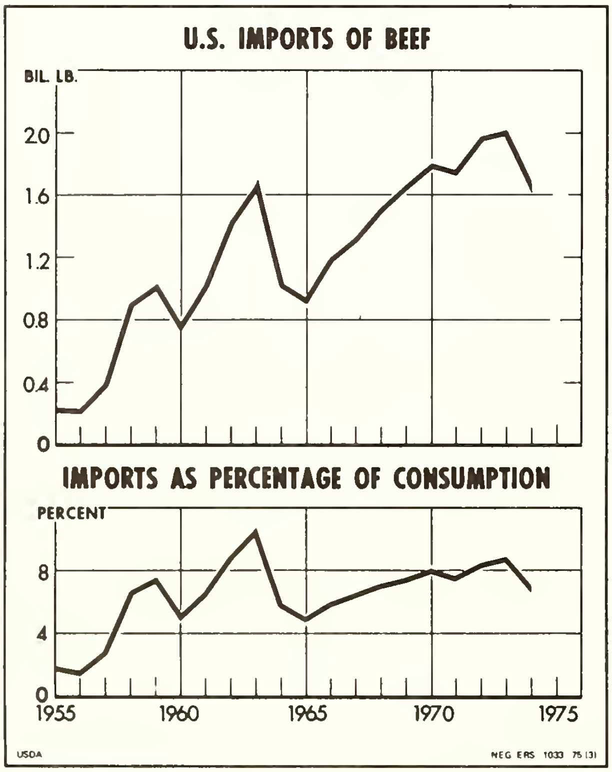
The painful situation for cattlemen is illustrated by the sharp drop in the value of the cattle inventory from $41 billion January 1 last year to $21 billion this year, even though the Nation's cattle herd is 4 million head larger in 1975. Back in the mid-1950's the value of the herd dropped over 40 percent during that transition period, from $16 billion in 1952 to $9 billion in 1954.

Just because ups and downs in beef production and cattle prices have existed for a long time does not provide much consolation for cattlemen now. But it does provide a basis for optimism about the future. A healthy and profitable cattle industry has emerged from preceding low points in the cycle after large inventories have been worked down for a year or two.

Beef Imports Up

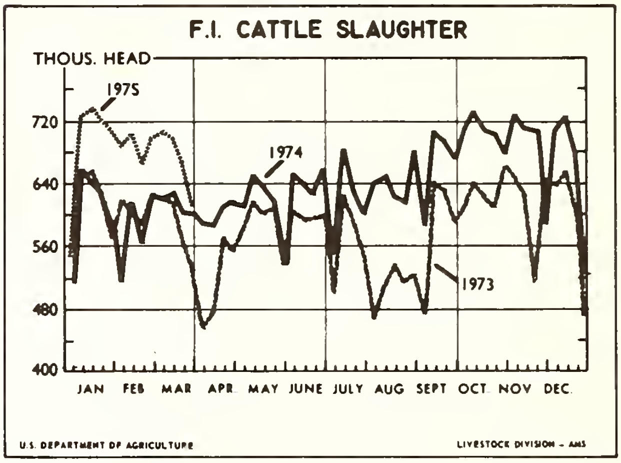
Imports of meat subject to the Meat Import Law (primarily beef) increased 15 percent in January, the first increase since March 1974 followed by an 18 percent increase in February. The 135.5 million pounds imported in January (product weight) was the largest monthly total since October 1973. Nearly all of the increase in January and February came from Australia and New Zealand.

On a carcass weight basis, total beef imports in January and February were 188 and 138 million pounds, respectively. Beef imports in 1974 (carcass weight) totaled 1,616 million pounds, down 19 percent from 1973.



Beef Production and Prices

Commercial beef production during January-March totaled just under 6 billion pounds, down 3 percent from the record October-December quarter, but up 8 percent from a year ago. A 6-8 percent reduction in average slaughter weights this year has kept increases in production well below increases in slaughter.



Although domestic beef production this winter declined a little from last fall, total consumption remained about the same as beef imports added to domestic supplies. Per capita beef consumption during January-March remained at a record 30 pounds per person, nearly the same as the October-December level. Record consumption and increased competition from lower grade beef reduced prices of Choice beef at the farm, wholesale, and retail level this winter. The average composite price per pound of Choice beef at retail fell from $1.35 during October-December to about $1.29 in January-March this year. The current condition of the general economy, squeezed consumer incomes, and reduced purchasing power of the dollar have made the consuming public more price conscious. Budget-minded shoppers are more likely to buy lower grade beef now than they would have a year ago. Price differentials at

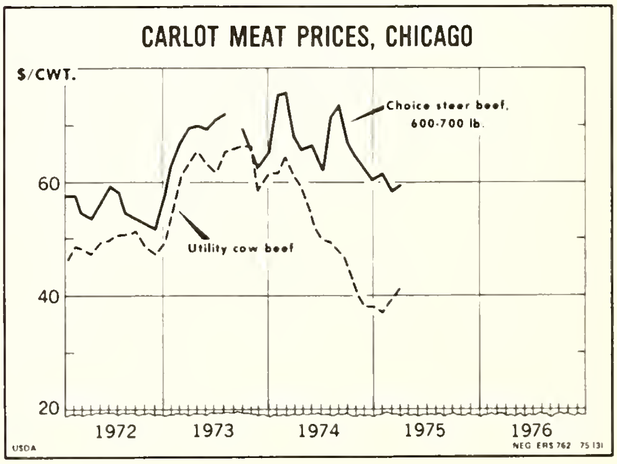


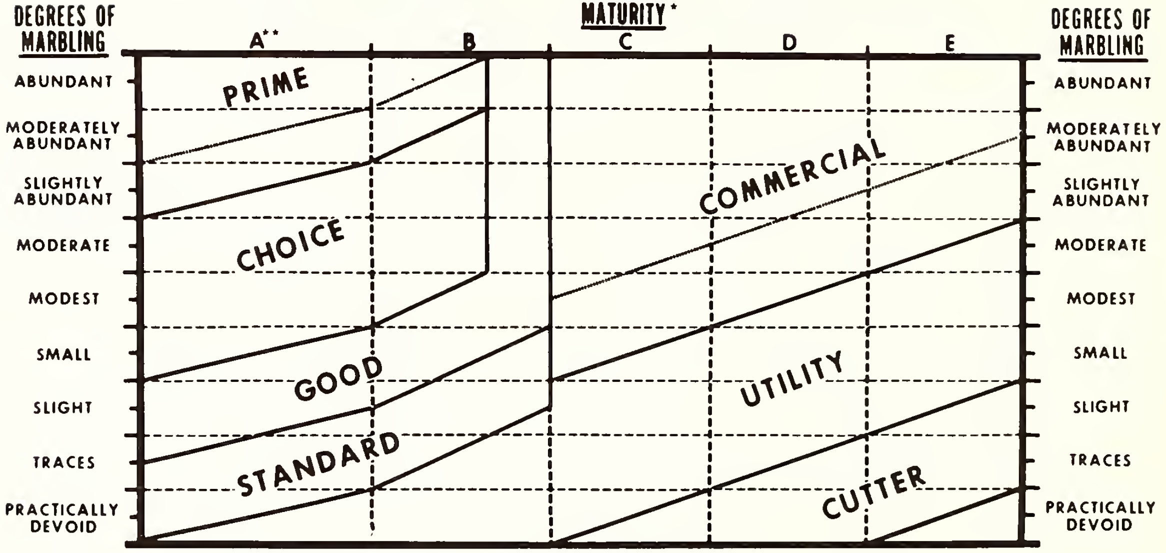
Table 00—Average retail price of specified meat cuts, per pound, by months, 1972 to date

Year and item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*
Beef												
Porterhouse steak												
1972	176.3	180.8	181.3	177.8	175.3	180.1	187.1	187.3	184.9	180.2	182.0	179.7
1973	187.7	197.1	201.4	204.4	204.1	206.4	207.7	216.7	216.3	207.6	202.4	200.2
1974	201.3	214.7	211.5	206.0	204.1	206.6	205.8	220.2	226.6	216.4	212.0	207.8
1975	204.6	203.7										
Round steak												
1972	143.9	151.0	151.3	147.4	143.7	145.9	151.0	150.7	147.1	145.9	147.7	146.6
1973	155.9	167.8	174.6	174.8	173.8	173.9	176.3	187.7	188.5	175.8	174.7	171.4
1974	176.7	193.4	187.3	178.8	175.6	174.7	174.0	182.9	185.9	178.7	177.8	171.0
1975	172.9	171.5										
Rib roast												
1972	126.8	130.5	131.4	129.6	128.1	128.2	132.2	132.2	130.2	128.8	127.8	128.4
1973	137.2	142.3	148.6	150.9	152.4	153.4	154.4	160.1	161.5	157.8	154.5	153.8
1974	154.8	163.4	159.8	154.7	153.3	152.0	152.1	160.1	168.6	164.5	159.7	158.6
1975	160.7	157.3										
Rump roast												
1972	141.0	148.1	149.1	146.0	142.1	145.3	149.3	150.1	147.0	145.7	146.3	145.8
1973	153.7	164.4	169.5	169.8	169.7	170.2	171.6	181.7	182.3	172.1	170.8	167.3
1974	171.8	186.9	182.0	174.8	172.2	171.6	170.5	177.2	180.8	174.3	174.5	169.9
1975	169.3	169.6										
Chuck roast												
1972	79.1	84.2	85.1	83.0	80.7	79.8	83.5	84.6	82.2	81.2	81.1	81.1
1973	85.3	96.1	100.6	103.3	103.6	103.3	103.9	114.2	115.0	106.3	101.8	100.5
1974	101.0	114.7	113.0	102.7	97.4	95.0	95.4	102.2	105.0	101.2	99.5	98.2
1975	91.5	92.1										
Hamburger												
1972	70.6	73.2	74.1	73.8	73.5	74.1	75.1	76.4	75.3	75.7	75.4	75.2
1973	78.2	83.9	91.3	94.2	94.6	95.3	94.8	103.8	106.2	104.2	101.5	100.4
1974	102.6	109.5	108.4	101.2	94.1	95.2	90.5	94.8	96.4	93.0	89.7	87.5
1975	85.4	82.8										
Veal Cutlet												
1972	250.5	260.7	262.7	265.0	266.3	270.7	274.5	276.1	276.6	278.0	279.8	280.8
1973	284.6	295.7	308.5	314.0	314.1	313.5	315.9	324.6	323.4	327.4	327.4	326.0
1974	341.3	348.4	350.2	343.1	340.9	342.0	340.2	344.8	347.5	341.6	336.2	339.2
1975	328.1	323.0										
Pork:												
Chops												
1972	112.3	125.1	119.9	116.8	115.6	120.7	131.6	128.9	132.5	131.3	130.9	129.3
1973	139.5	147.7	154.2	145.0	147.0	150.0	152.1	196.5	169.8	157.9	157.6	153.4
1974	162.7	164.0	158.5	149.7	143.7	139.8	153.9	158.9	164.5	161.9	161.2	159.0
1975	160.7	161.4										
Roast, loin												
1972	79.5	86.9	85.5	82.8	82.1	85.1	93.1	92.1	93.1	93.2	93.3	92.0
1973	99.3	105.5	111.9	109.5	108.7	110.1	111.7	151.5	131.3	120.7	119.7	116.9
1974	122.9	123.9	121.1	111.7	107.5	102.9	113.3	117.6	121.6	119.8	119.1	117.2
1975	121.1	120.4										
Bacon, sliced												
1972	83.2	93.9	92.7	92.5	91.2	93.1	95.7	99.4	99.8	106.0	103.7	103.5
1973	107.3	114.7	118.1	121.6	119.5	121.2	123.1	161.0	166.4	152.8	142.9	141.4
1974	139.1	143.4	137.1	124.8	118.1	109.7	108.9	132.6	140.6	141.6	143.8	144.2
1975	147.1	147.8										
Ham, whole												
1972	74.9	76.6	77.8	76.7	75.2	76.3	77.5	78.0	78.6	79.9	81.9	85.5
1973	92.0	91.0	94.8	99.7	98.4	97.8	98.2	121.7	126.0	115.3	117.0	122.2
1974	121.3	115.9	114.2	108.9	97.3	92.6	89.9	99.0	101.1	102.7	108.8	113.8
1975	114.7	109.9										
Lamb Chops												
1972	192.1	195.5	196.0	195.3	195.0	199.7	203.0	203.6	202.6	203.9	204.0	203.1
1973	205.3	218.1	225.5	227.5	226.6	224.5	228.8	241.4	240.8	227.1	223.4	230.1
1974	200.2	216.3	219.7	213.2	213.0	222.9	225.7	226.1	226.2	223.2	224.5	227.3
1975	252.1	254.8										

Data from the Bureau of Labor Statistics.

(Old Standards)

RELATIONSHIP BETWEEN MARBLING, MATURITY, AND QUALITY



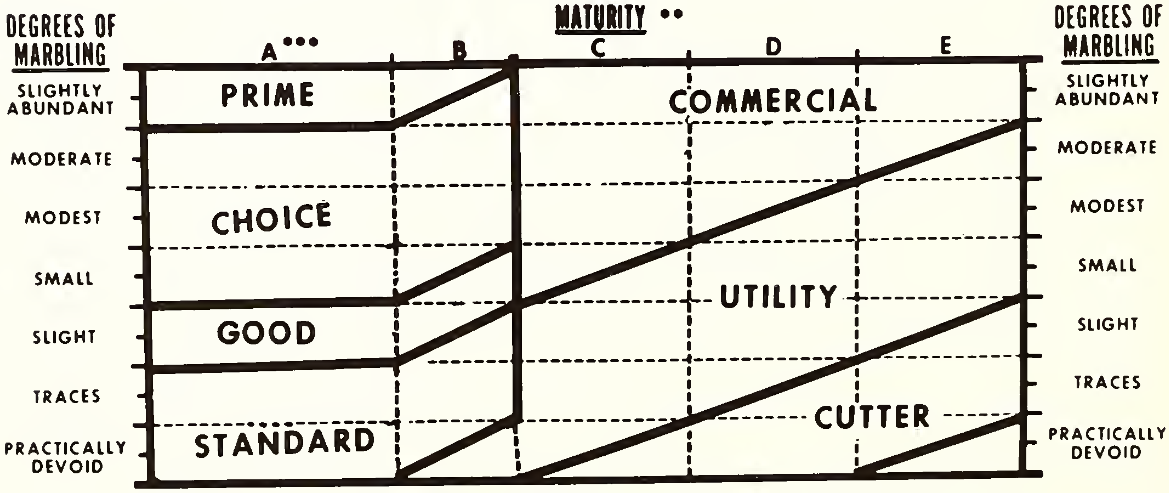
*Maturity increases from left to right (A through E)

**The A maturity portion of the Figure is the only portion applicable to bullock carcasses.

——Represents midpoint of Prime and Commercial grades.

(New Standards)

RELATIONSHIP BETWEEN MARBLING, MATURITY, AND CARCASS QUALITY GRADE *



*Assumes that firmness of lean is comparably developed with the degree of marbling and that the carcass is not a "dark cutter."

**Maturity increases from left to right (A through E).

***The A maturity portion of the Figure is the only portion applicable to bullock carcasses.

the wholesale level between Good and Choice beef carcasses in late March were generally the same as they were a year ago at about $3-$4 per 100 pounds. The spread between prices of Choice steer beef and Utility cow beef (Chicago basis) has narrowed in recent weeks. In late March Choice steer carcasses 600-700 pounds were selling near $58 per 100 pounds, but Utility cow beef sold near $41 per 100 pounds, the highest since last October. The $17 price spread in late March compares with spreads as wide as $28 per 100 pounds in mid-January.

Beef Grade Standards Revised

In early March USDA announced that proposed revisions in the beef grading standards will become effective April 14, 1975. In general, the revised standards will: (1) make it possible for slightly leaner beef to qualify for the Prime and Choice grades; (2) establish a more restrictive Good grade; (3) increase uniformity in eating characteristics in each grade; and (4) require that all beef graded be identified for both quality and yield.

Federal grading of beef is a voluntary service for which users pay a fee. USDA yield grades, numbered 1 through 5, measure percentage of trimmed retail cuts a carcass will produce. Quality grades—Prime, Choice, Good, ect.—measure physical characteristics associated with palatability (tenderness, juiciness, and flavor) and are based primarily on marbling and maturity.

The revision eliminates a third grading factor formerly included in the quality grades—that of conformation (shape of the carcass). The conformation factor was deleted because it does not affect the eating characteristics of beef. On the other hand, conformation, to the extent it reflects muscling, does affect the yield of retail cuts in a carcass and thus its value. However, differences in retail yield are more accurately reflected by the yield grades.

The elimination of conformation will contribute to more uniformity within each of the grades. Also, slightly greater uniformity should result from the change in marbling and maturity relationships. Previously, increases in marbling were required to "compensate" for increases in maturity, within each grade. Now, such increases in marbling will be required within each grade only for beef from older cattle—those over 30 months of age.

This change was made because most of the research in recent years has indicated that palatability, or eating quality, is not adversely affected by increased age up to about 30 months. The changes in the marbling/maturity relationships in the Prime and Choice grades will not measurably affect the eating quality of beef in those grades.

The following charts graphically illustrate some of the differences between the old and new grading standards.

Guaranteed Loans

The number of producers participating in the Emergency Livestock Credit Program has been fewer than originally expected. However, interest in the program has increased in recent months. Total obligations assumed by the Farmers Home Administration through January reached 151 million dollars. This figure then increased to $218 million by early March. The $218 million covered 1,811 loans for an average loan value of about $120,000.

A breakdown by loan purpose indicates 70 percent of number and 78 percent of total volume of guaranteed loans were for beef cattle operations. However, the available data provides no distinction between cow-calf operations, feedlots, or other areas of production and marketing of beef animals. Integrated livestock operations accounted for the next largest percentage of loan obligations with 14 percent of the number and 12 percent of the total volume.

Credit for livestock operations appears to be adequate throughout most of the country, although demand for livestock loans is down. Data tabulated by the Farm Credit Administration indicates that PCA loans (approved PCA loans exceeding $25,000) for purchase of livestock and poultry declined to 4½ percent of total loans made during January, the fifth consecutive monthly decline since tabulation of the series began. In September 1974, livestock loans accounted for 11.6 percent of total PCA loans.

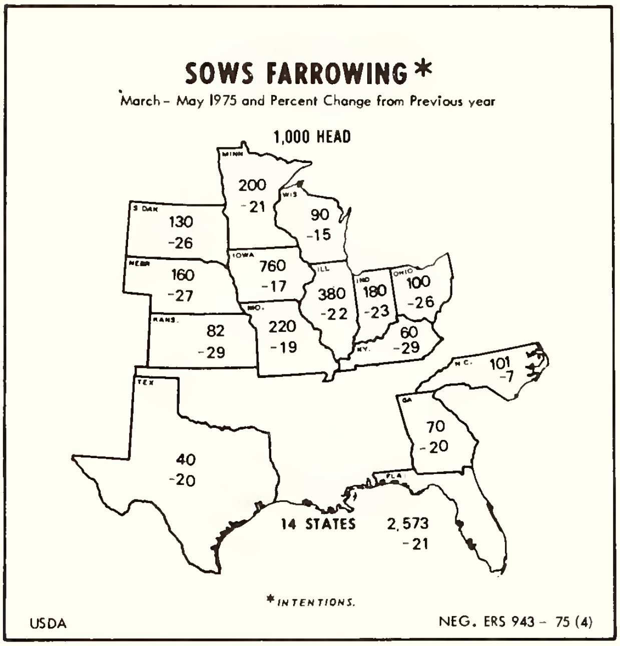
HOGS

Smaller supplies and favorable prices are in prospect for hog farmers during the next several months. Hog inventories in the 14 reporting States on March 1 were cut 17 percent from a year earlier. Market hog inventories were down 16 percent and breeding stock numbers were down 20 percent. Farrowing intentions for the March-May pig crop indicate a 21 percent reduction is planned followed by a 17 percent cut in June-August.

The current liquidation cycle in hog numbers began last summer when a small corn crop first became apparent. Rapidly rising corn prices provided a clearly profitable alternative for the livestock-feed grain farmer, in the cash grain market. And those hog farmers who did not raise their own feed found corn prices too high, compared with the price of hogs, for continued operations as usual. The sell-off of breeding stock was substantial. Sow farrowings in the 14 States during September-November 1974 were reduced 11 percent when only a 2 percent reduction was planned earlier in June.

On December 1, U.S. hog inventories were down 10 percent from a year earlier and hog farmers indicated plans to reduce sow farrowings during December

1974-May 1975 by 15 percent. Indications from the March Hogs and Pigs Report suggest the cut in spring sow farrowings will be closer to 20 percent, with continued similar reductions into the summer. Even though the cash grain market moved lower during the winter, improving returns to hog feeders, the lower level was still too high to produce much enthusiasm about raising more hogs.



Slaughter Down

Commercial hog slaughter during January-March will total near 19 million head, 6 percent below the 1974 level and 10 percent under October-December. Slight reductions in average weights reduced pork production for the quarter by 8 percent from last year.

Smaller pork supplies helped bolster hog prices during the winter months, although large supplies of beef at relatively low prices dampened price rises. Barrows and gilts at 7 markets averaged $39.06 per 100 pounds during October-December and $39.35 in January-March. Slaughter hog prices have fluctuated very little, running mostly between $38-$40 per 100 pounds since October 1974. The average retail price of pork moved slightly higher during the winter, averaging near $1.15 per pound in January-March, 4 cents more than in the fall but nearly the same as a year earlier.

Slaughter supplies are expected to decline more sharply in the months ahead. Market hogs weighing 60-180 pounds on farms March 1 will supply the bulk of April-June hog slaughter. The 14 States on March 1 reported a 15 percent reduction in this weight group from a year earlier. This points to a similar cut in barrow and gilt slaughter in the spring. Sow slaughter will continue at a low level, reflecting the smaller breeding stock inventories and possibly some holdback for farrowings later on. Commercial hog slaughter in April-June may total 18-18½ million head, 12-14 percent fewer than last year and about 3 percent under January-March. As in the winter, slight reductions in average weights could reduce pork production a little more than the percentage decline in slaughter.

Market hogs and pigs by weight groups, March 1, 14 selected States

Weight group	1973	1974	1975	Change from 1974
	1,000 head	*1,000 head*	*1,000 head*	*Percent*
Under 60 lb.	15,073	14,792	12,206	-17
60-119 lb.	9,147	9,521	8,134	-15
120-179 lb.	9,318	9,573	8,043	-16
180-219 lb.	5,425	5,809	5,013	-14
220 lb. + ...	1,047	1,226	854	-30
Total	40,010	40,921	34,250	-16

Hog prices should increase in the spring, but continued pressure from large beef supplies will keep a lid on hog prices. If the cattle market moves higher, as expected, barrow and gilt prices should rise $2-$3 per 100 pounds from the winter level.

Hog prices per 100 pounds, 7 markets[1]

Month	Barrows and gilts			Sows		
	1973	1974	1975	1973	1974	1975
	Dol.	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*
Jan.	32.54	40.59	38.93	26.39	33.93	35.01
Feb.	36.23	39.73	39.61	31.22	34.21	36.52
Mar.	38.13	34.88	39.52	34.47	31.42	36.58
Apr.	35.56	30.52		32.33	26.60	
May	36.35	26.09		32.46	21.52	
June	38.55	27.40		33.87	21.37	
July	46.64	36.31		40.56	28.12	
Aug.	56.68	37.67		50.62	29.66	
Sept.	43.79	35.79		40.34	29.04	
Oct.	42.12	38.90		37.66	33.39	
Nov.	40.97	38.34		36.14	33.57	
Dec.	39.79	39.93		32.53	33.78	
Av.	40.27	35.12		35.94	29.92	

[1] Average for all weights at Midwest markets.

Sharpest reductions in hog slaughter this year are likely during the summer months. Last December hog farmers in the 14 States planned to reduce by 14 percent the December 1974-February 1975 pig crop which will supply most of this summer's slaughter hogs. Indications from these States in March suggest that this pig crop may actually have been down 20 percent. The 17 percent reduction in market hogs weighing less than 60 pounds on farms March 1 reflects the smaller December-February pig crop, and will likely result in a 16-18 percent cut in July-September hog slaughter. Even greater reductions are possible if feed prices move lower as prospects for the fall harvest develop, and more females are withheld for breeding.

Table 10—Pork supplies and prices

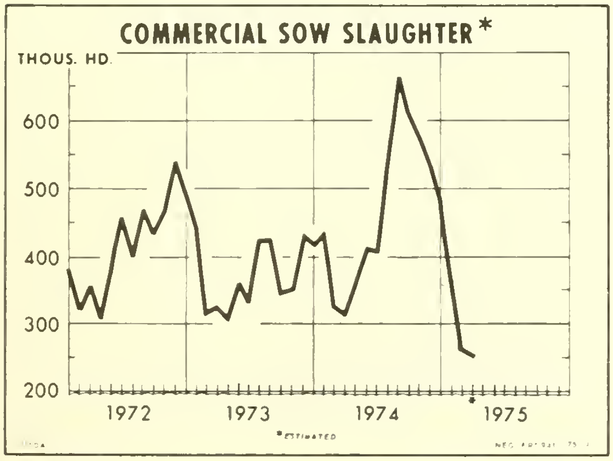
Year	Estimated commercial slaughter[1]				Average dressed weight	Commercial production	Per capita consumption[2]	Prices	
	Barrows and gilts	Sows	Boars	Total				Retail	Barrows and gilts 7 markets
	1,000 head				*Lb.*	*Mil lb.*	*Lb.*	*Cents per lb.*	*$/cwt*
1971: I	22,812	1,270	174	24,256	151	3,671	18.3	69.2	17.60
II	21,938	1,452	220	23,610	156	3,678	17.8	68.8	17.33
III	20,524	1,570	214	22,308	154	3,441	18.0	71.3	19.27
IV	22,499	1,563	202	24,264	157	3,816	18.9	71.9	20.06
Year	87,773	5,855	810	94,438	155	14,606	73.0	70.3	18.45
1972: I	21,029	1,053	178	22,260	157	3,503	17.7	79.0	24.67
II	20,055	1,135	199	21,389	158	3,386	16.6	79.9	25.00
III	17,943	1,305	193	19,441	158	3,064	15.8	86.1	28.85
IV	19,944	1,495	178	21,617	162	3,507	17.3	87.7	28.89
Year	78,971	4,988	748	84,707	159	13,460	67.4	83.2	26.67
1973: I	18,949	1,080	195	20,224	161	3,262	16.0	98.1	35.63
II	18,274	998	206	19,478	163	3,178	15.4	103.1	36.82
III	15,482	1,190	203	16,875	165	2,791	14.0	121.8	49.04
IV	18,842	1,195	181	20,218	166	3,347	16.2	116.1	40.96
Year	71,547	4,463	785	76,795	164	12,578	61.6	109.8	40.27
1974: I	18,876	1,075	187	20,138	167	3,370	16.5	115.2	38.40
II	19,672	1,176	181	21,029	168	3,540	17.2	99.3	28.00
III	17,714	1,803	204	19,721	165	3,247	16.1	107.4	36.59
IV	19,119	1,588	182	20,889	164	3,431	16.2	111.0	39.06
Year	75,381	5,642	754	81,777	166	13,588	66.0	108.2	35.12
1975: I[3]	17,870	875	155	18,900	164	3,100	15.4	115.0	39.35
II[4]	17,200	920	180	18,300	164	3,000	14.7	121.0	41-43
III[4]	15,100	1,040	160	16,300	166	2,700	13.0	126.0	43-45

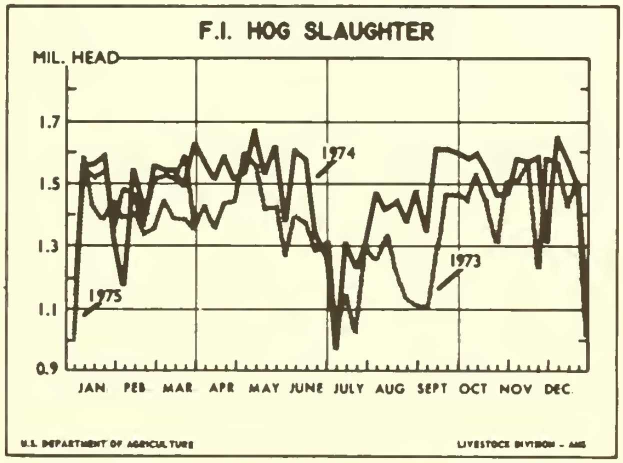
[1] Classes estimated. [2] Total including Farm Production. [3] Preliminary. [4] Forecast.

The cattle market will again have a strong bearing on hog prices this summer. Unless cattle prices drop much lower than now seems likely, hog prices in early summer could top $45 per 100 pounds for barrows and gilts at 7 markets. Retail pork prices will also be moving upward and by summer could average higher than the previous record average of $1.22 per pound set in the summer of 1973.

Fewer Hogs in Fall

Continued sharp reductions in hog slaughter compared with year-earlier levels are likely through the fall months. Intentions for farrowings in March-May indicate a 21 percent cut is planned. These pigs will supply most of October-December hog slaughter. Last December hog farmers had planned an 18 percent reduction for farrowings during March-May. Fall





slaughter will likely continue low, and seasonal increases from the summer level will be less than usual, so hog prices may not decline in the fall as they usually do.

Livestock-feed grain farmers in the months ahead will likely have some hard decisions to make about what to do with their corn crop. Easing prices of feed grains and soybean meal this winter have alerted many grain farmers to the possibility of lower prices later in the year in the event of a large feed grain harvest this fall.

Lower corn prices and steady to strong hog prices have improved the hog-corn ratio and raised feeder pig and breeding sow prices during the recent weeks. The hog-corn price ratio in late February was 15 to 1, the highest since January 1974. Also, most hog farmers have recently been able to cover production costs even with corn selling for near $3 per bushel.

Hog-corn price ratio, Omaho basis

Month	1971	1972	1973	1974	1975
January	11.0	19.7	21.5	14.8	12.6
February	13.2	20.6	23.3	13.4	14.1
March	11.6	19.0	25.4	12.5	14.3
April	11.3	18.2	23.4	12.1	
May	11.8	19.7	19.5	10.2	
June	12.2	21.5	16.9	10.0	
July	13.9	22.8	19.9	11.2	
August	15.1	23.5	20.8	10.5	
September	16.3	22.6	18.4	10.3	
October	17.2	21.8	17.8	10.6	
November	16.7	20.6	16.9	11.0	
December	16.6	20.5	15.7	11.8	
Average	13.6	20.6	19.3	11.6	

With these factors in mind, many hog farmers may begin to have second thoughts about further sharp reductions in future pig crops and could even be thinking in terms of some expansion later on. Nevertheless, farrowing intentions reported on March 1 for the June-August pig crop were for a 17 percent cut. Unless corn prices rise much further, a rising hog market, high feeder pig prices, and improved feeding margins may temper earlier-planned reductions for the June-August pig crop. Although the fall pig crop this year may not be down as sharply as the spring crop, continued reductions in hog slaughter are in prospect through early 1976. No major expansion in pig crops is likely until after the feed crop is assured. Current proposed legislation to substantially raise target prices and loan rates for corn will have a bearing on future hog production. Much higher loan rates could tend to dampen large scale expansion plans.

Pork Consumption Falls

After a sharp increase in pork consumption in 1974 from the depressed 1973 level, consumption is on the way down again in 1975. Per capita pork consumption during January-March is expected to be the lowest for that period since 1970 at about 15.4 pounds per person. With domestic production continuing to decline in the

Gross hog feeding margins[1]

Year	Hogs 7 markets	Feeder pigs So. Missouri	Margins
	$ per head	*$ per head*	*$ per head*
1972			
January	54.65	14.34	40.31
February	56.34	16.94	39.40
March	51.83	16.62	35.21
April	50.36	18.33	32.03
May	55.70	24.69	31.01
June	58.83	26.25	32.58
July	62.85	26.94	35.91
August	63.49	27.63	35.86
September	64.02	26.63	37.39
October	61.80	24.56	37.24
November	61.14	26.50	34.64
December	67.72	26.00	41.72
1973			
January	71.59	27.85	43.74
February	79.71	28.63	51.08
March	83.89	26.50	57.39
April	78.23	25.56	52.67
May	79.97	26.38	53.59
June	84.81	33.60	51.21
July	102.61	38.69	63.92
August	124.70	34.97	89.73
September	96.34	34.81	61.53
October	92.66	31.90	60.76
November	90.13	40.81	49.32
December	87.54	45.50	42.04
1974			
January	89.30	36.75	52.55
February	87.41	38.25	49.16
March	76.74	37.10	39.64
April	67.14	32.33	34.81
May	57.40	34.70	22.70
June	60.28	33.25	27.03
July	79.88	32.50	47.38
August	82.87	32.18	50.69
September	78.74	22.10	56.64
October	85.58	17.31	68.27
November	84.35	20.31	64.04
December	87.85	19.44	68.41
1975			
January	85.65	18.75	66.90
February	87.14	24.10	63.04
March	86.94	21.13	65.81

[1] Current 220 lb. Slaughter Hog compared with a 40-50 lb. Feeder Pig purchased 4 months earlier.

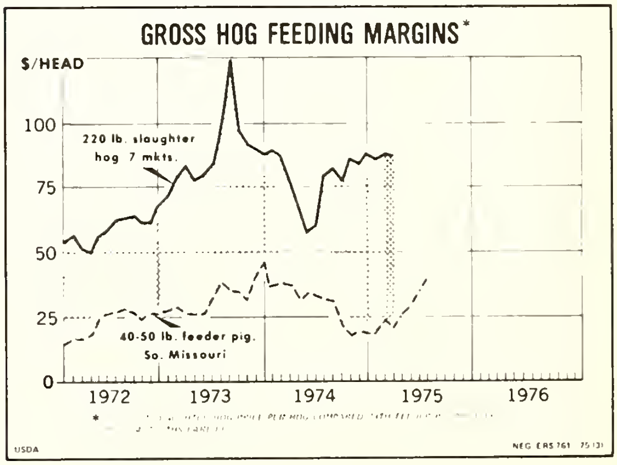


Table 11—Corn Belt Hog Feeding[1]

Selected costs at current rates[2]

Purchased during Marketed during	Feb. June	Mar. July	Apr. Aug.	May Sept.	June Oct.	July Nov.	Aug. Dec.	Sept. Jan. 75	Oct. Feb.	Nov. Mar.	Dec. Apr.	Jan. 75 May	Feb. June	Mar. July
	Dollars per head	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*	*Dollars per head*
Expenses														
40 lb. feeder pig	33.25	32.50	32.19	22.10	17.31	21.50	18.90	18.75	24.10	21.13	25.75	30.10	35.75	39.75
Corn (11 bu.)	30.69	29.37	26.29	27.06	28.60	32.78	37.29	36.19	38.39	36.30	36.08	33.66	31.46	29.59
Protein supplement (130 lb.)	15.60	14.43	13.52	12.42	11.96	12.48	15.80	13.98	15.60	15.14	14.56	13.84	13.06	12.74
Labor & management (1.3 hrs.)[3]	5.88	5.88	5.98	5.98	5.98	6.14	6.14	6.14	6.38	6.38	6.38	3.22	3.22	3.22
Vet medicine[3]	1.29	1.30	1.33	1.34	1.34	1.36	1.40	1.42	1.43	1.45	1.45	1.46	1.46	1.45
Interest on purchase (4 mo.)	1.05	1.03	1.13	.77	.61	.75	.66	.66	.84	.74	.90	1.05	1.25	1.39
Power, equip, fuel, shelter, depreciation[3]	3.14	3.16	3.24	3.25	3.27	3.30	3.40	3.44	3.47	3.51	3.53	3.55	3.54	3.53
Death loss (4% of purchase)	1.33	1.30	1.29	.88	.69	.86	.76	.75	.96	.85	1.03	1.20	1.43	1.59
Transportation (100 miles)	.44	.44	.46	.46	.46	.46	.46	.46	.48	.48	.48	.48	.48	.48
Marketing expenses	1.10	1.10	1.10	1.10	1.10	1.12	1.12	1.12	1.12	1.12	1.12	1.14	1.14	1.14
Miscellaneous & indirect costs[3]	.32	.33	.33	.33	.33	.34	.35	.35	.36	.36	.36	.36	.36	.36
Total	94.09	90.84	86.86	75.69	71.65	81.09	86.28	83.26	93.13	87.46	91.64	90.06	93.15	
	Dollars per cwt.	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*	*Dollars per cwt.*
Selling price/cwt. required to cover feed and feeder costs (220 lbs.)	36.15	34.68	32,73	27.99	26.30	30.35	32.72	31.33	35.50	32.99	34.72	35.28	36.49	37.31
Selling price/cwt. required to cover all costs (220 lbs.)	42.77	41.29	39.48	34.40	32.57	36.86	39.22	37.85	42.33	39.75	41.65	40.94	42.34	43.29
Feed cost per 100 lb. gain	25.72	24.33	22.12	21.93	22.53	25.14	29.49	27.87	29.99	28.58	28.13	26.39	24.74	23.52
Barrows and gilts 7 markets/cwt.	27.40	36.31	37.56	35.79	38.86	38.34	39.93	38.93	39.61					
Net margin/cwt.	-15.37	-4.98	-1.92	+1.39	+6.29	+1.48	+0.71	+1.08	-2.72					
Prices														
40 lb. feeder pig (So. Missouri)	33.25	32.50	32.19	22.10	17.31	21.50	18.90	18.75	24.10	21.13	25.75	30.10	35.75	39.75
Corn[4]/(bu.)	2.79	2.67	2.39	2.46	2.60	2.98	3.39	3.29	3.49	3.30	3.28	3.06	2.86	2.69
29% protein supplement[5]/cwt.	12.00	11.10	10.40	9.55	9.20	9.60	12.15	10.75	12.00	11.65	11.20	10.65	10.05	9.80
Labor and management[6]/hr.	4.52	4.52	4.60	4.60	4.60	4.72	4.72	4.72	4.91	4.91	4.91	2.48	2.48	2.48
Interest rate (annual)	9.50	9.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Transportation rate (/cwt. 100 miles)[7]	.20	.20	.21	.21	.21	.21	.21	.21	.22	.22	.22	.22	.22	.22
Marketing expenses[8]	1.10	1.10	1.10	1.10	1.10	1.12	1.12	1.12	1.12	1.12	1.12	1.14	1.14	1.14
Index of prices paid by farmers 1910-14=100)	545	549	562	564	568	573	590	599	603	610	613	617	615	612

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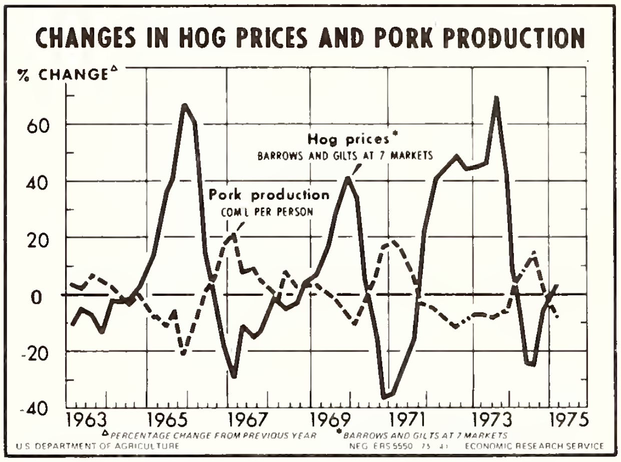
[1] Although a majority of hog feeding operations in the Corn Belt are from farrow to finish, relative fattening expenses will be similar. [2] Represents only what expenses would be if all selected items were paid for during the period indicated. The feed rations and expense items do not necessarily coincide with the experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. [3] Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes and wage rates. [4] Average price received by farmers in Iowa and Illinois. [5] Average prices paid by farmers in Iowa and Illinois. [6] Assumes an owner-operator receiving twice the farm labor rate. [7] Converted to cents/cwt. from cents/mile for a 44,000 pound haul. [8] Yardage plus commission fees at a midwest terminal market.

months ahead, consumpiton will drop further. Pork consumption last year totaled about 66 pounds per person, up from 62 pounds in 1973. With reductions expected for the remainder of 1975, pork consumption this year may total 56-58 pounds per person, the lowest in 40 years.



Feeder Pig Market Strong

Feeder pig prices continued to rise through the winter months as feed prices sagged and the hog market held up. Favorable returns to hog feeders contributed to the strong demand for feeder pigs, pushing prices in March to the highest level since the fall of 1973. Feeder pigs weighing 40-60 pounds were selling near $40 per head, at southern Missouri markets in late March, a $10 per head rise since January. Rising feeder pig prices came at a time when corn prices (Omaha basis) fell to the lowest level in 9 months at near $2.50 per bushel.

Feeder pig prices tumbled last year from $38 per head in January to less than $15 in June as the hog market deteriorated in the first half of 1974. Then, poor prospects for the corn crop last summer sent feed prices sharply higher in the last half of the year, keeping feeder pig prices low even though the slaughter hog market improved considerably. In December, feeder pigs sold mostly for $20-$25 per head, even though the slaughter hog market was near $40 per 100 pounds.

Feeder pig prices in the months ahead may show some further strength unless corn prices turn much higher again. Short-term movements in feeder pig prices will be closely tied to the feed grain market. Feeder pig prices could turn sharply higher in early summer if market hogs reach $45 as expected, and feed prices move lower in anticipation of a good fall harvest.

SHEEP AND LAMBS

Commercial sheep and lamb slaughter this winter continued lower, reflecting the smaller inventory on January 1. January-March commercial slaughter will likely reveal an 11 percent decline from last year's level to total about 1.9 million head. A 6 percent reduction in average weights reduced commercial production in the first quarter by 17 percent to about 100 million pounds, the lowest 3-month supply on record.

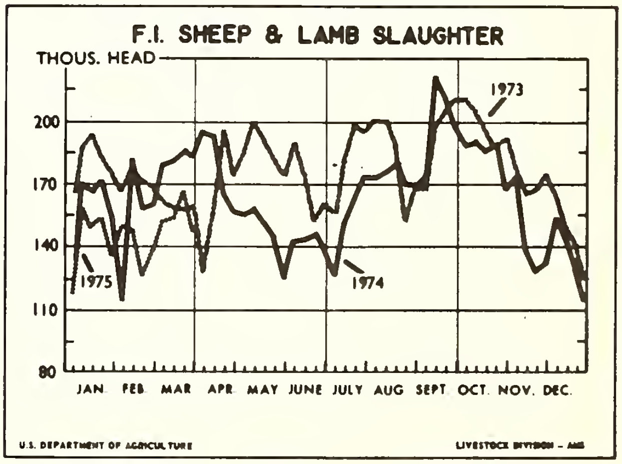
Choice lamb prices per 100 pounds, San Angelo

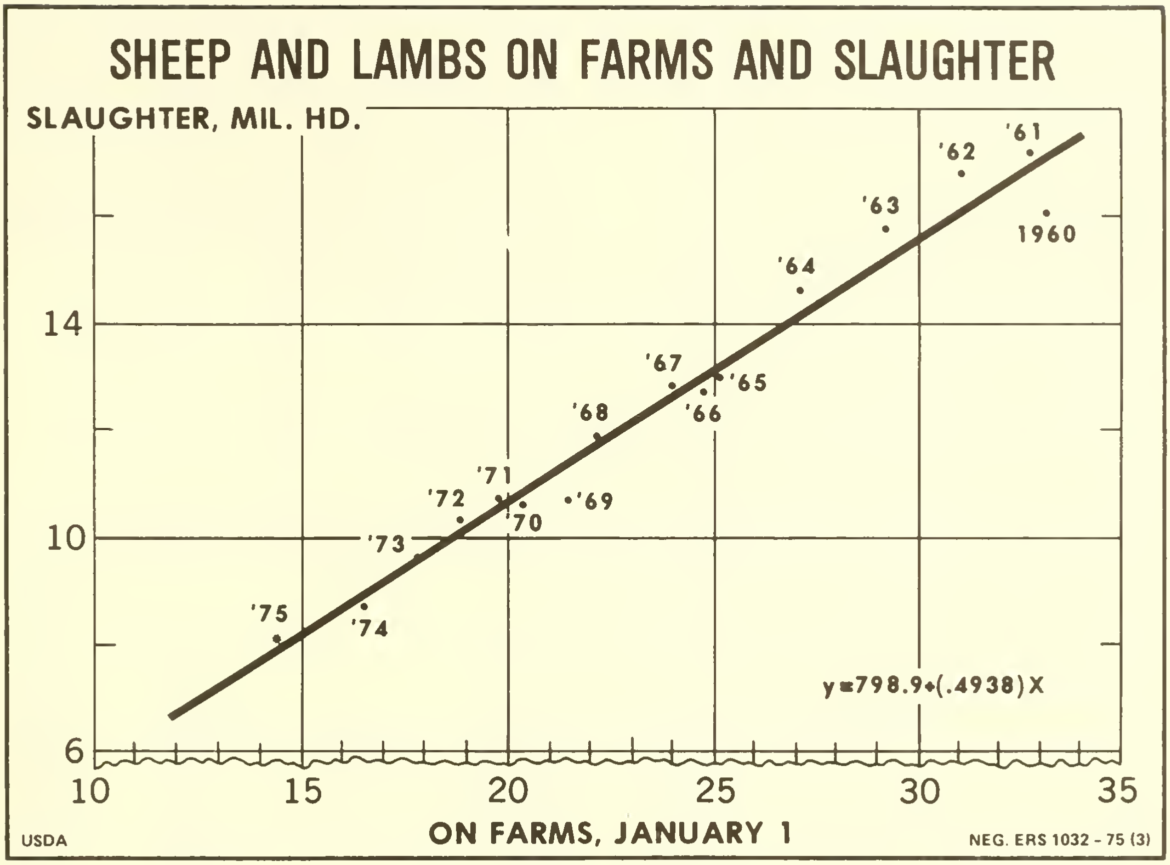
Month	Slaughter lambs			Feeder lambs		
	1973	1974	1975	1973	1974	1975
	Dol.	*Dol.*	*Dol.*	*Dol.*	*Dol.*	*Dol.*
Jan.	35.75	39.50	38.25	34.30	39.55	34.12
Feb.	36.50	40.75	39.31	37.06	38.12	35.31
Mar.	43.69	40.38	41.44	44.75	34.19	37.38
Apr.	39.50	42.25		40.75	41.56	
May	36.70	47.25		36.05	42.00	
June	38.46	46.25		35.31	37.08	
July	37.31	37.94		34.50	31.25	
Aug.	39.42	42.50		38.40	32.58	
Sept.	---	36.12		34.81	30.41	
Oct.	36.00	35.25		35.65	31.75	
Nov.	38.33	37.58		36.67	36.25	
Dec.	38.33	39.25		37.75	36.42	
Av.	38.20	40.42		37.17	35.93	

Sharp reductions in slaughter supplies have helped to strengthen lamb prices some this winter. Choice slaughter lambs at 5 markets averaged $36.63 per 100 pounds during October-December and advanced to over $40 at most markets by late March. Feeder lamb prices most of the winter remained steady, ranging between $33-$35 per 100 pounds on most markets, before rising into the upper $30's in late March.

Slaughter to Continue Down

The 11 percent reduction in the January 1, 1975, inventory of sheep and lambs suggests continued reductions in slaughter for the remainder of 1975, unless the rate of liquidation increases more sharply than now seems likely. The relationship between the January 1 inventory and commercial sheep and lamb slaughter during the year is shown graphically on the following chart. Since 1961, reductions in the inventory have been followed by a similar cut in slaughter. Inventories have been declining steadily since 1960 and slaughter since




SHEEP AND LAMBS ON FARMS AND SLAUGHTER

1961. If this past relationship holds up in 1975, commercial slaughter this year may only total about 8 million head, down 10 percent from the 8.8 million slaughtered in 1974.

Commercial slaughter and production in the spring will likely be slightly higher than the winter level. Seasonal peaks in lamb prices may come in April or May. Last year lamb prices peaked in late May and early June, later in the year than usual. If cattle and hog prices rise as expected in the spring, lambs could reach a seasonal peak around $45 before trending lower in late spring and early summer.

Lamb Feeding Down

The 7 major lamb feeding States (California, Colorado, Iowa, Kansas, Nebraska, South Dakota, and Texas) reported 667,000 sheep and lambs on feed March 1, 25 percent fewer than the 894,000 on feed a year earlier. The 25 percent cut in March inventories is the same as reductions reported on January 1. Of the 7 States reporting lambs on feed, Colorado accounted for about a third and Texas a fourth of the total—about the same proportions as a year ago. California and Iowa reported slight increases in on-feed inventories on March 1.

A stronger slaughter lamb market this winter, weakening feed prices, and poor profits in cattle feeding may have been contributing factors to the reported increase in placements of lambs on feed during January and February. Placements in the 7 States increased 24 percent from a year earlier and were even up 8 percent from 2 years ago. South Dakota and Kansas were the only States to report reductions in placements this winter.

Fed lamb marketings in January and February, however, were down 10 percent from a year ago and 15 percent from 2 years ago in these 7 States. California and Colorado reported slight increases in marketings with the other 5 States all reporting reductions. Almost 45 percent of the fed lambs marketed this winter came from Colorado. Texas marketed almost 20 percent of the fed lambs. From the 1.3 million sheep and lambs slaughtered in January and February, over 60 percent were fed lambs from these 7 States, about the same proportion as in 1974.

Early Lamb Crop Slightly Lower

The early lamb crop in California, Kansas, and Texas was reported to be down only 2 percent this year, despite the 10 percent reduction in ewe inventories in these States on January 1. Early lambs on hand March 1 are mostly those born between September 1, 1974 and March 1, 1975. The Texas early lamb crop was up 5 percent with reduction of 6 and 19 percent, respectively, for California and Kansas. The small reduction in the early lamb crop may help to keep slaughter from dropping as sharply this spring and summer as it did in the winter.

Wholesale and Retail Prices Up

Wholesale and retail lamb prices this winter have remained fairly steady but higher prices are in prospect for early spring. Wholesale lamb carcasses (Los Angeles) sold mostly between $84-$87 per 100 pounds during January-February then turned higher by late March, topping $90. Discounts on heavy lamb carcasses have been held to a minimum so far this year, but may widen some later in the spring. As lamb supplies remain low and demand picks up seasonally in the spring, prices will likely move higher. Strengthening beef and pork prices will also assist in the rise.

Wool and Mohair Production Down

Table 12—Production, prices and income from wool, United States, 1962-74

Year	Shorn wool					Pulled wool production
	Number sheep shorn[1]	Weight per fleece	Production	Price per pound[2]	Value	
	1,000 head	*Pounds*	*1,000 pounds*	*Cents*	*1,000 dollars*	*1,000 pounds*
1962[2]	29,193	8.45	246,636	47.7	117,579	29,900
1963	27,264	8.53	232,446	48.5	112,426	28,800
1964	25,455	8.34	212,333	53.2	112,877	25,100
1965	23,756	8.48	201,463	47.1	94,999	23,300
1966	22,923	8.51	195,053	52.1	101,204	24,100
1967	22,056	8.57	188,984	39.8	75,177	22,400
1968	20,759	8.55	177,396	40.5	71,778	20,500
1969	19,584	8.46	165,749	41.8	69,516	17,100
1970	19,163	8.43	161,587	35.5	57,162	15,200
1971	19,036	8.41	160,015	19.6	31,416	12,000
1972	18,816	8.44	158,918	35.0	55,626	9,700
1973	17,598	8.25	145,239	82.7	120,125	8,000
1974[3]	16,142	8.24	132,931	59.1	78,611	5,700

[1] Includes shearing at commercial feeding yards. [2] 1962, the marketing year was April through March. For, 1963, the marketing year was April through December. Beginning in 1964 the marketing year is January through December. [3] Preliminary.

Table 13—Mohair: Production and value for 7 leading States, 1962-74[1]

Year	Number goats clipped[2]	Average clip per goat	Production of mohair	Price per pound[3]	Value
	1,000 head	*Pounds*	*1,000 pounds*	*Cents*	*1,000 dollars*
1962[3]	4,236	6.4	27,215	71.4	19,430
1963	4,363	6.6	29,007	88.1	25,562
1964	4,568	6.5	29,736	94.3	28,053
1965	4,803	6.7	32,420	65.5	21,251
1966	4,659	6.3	29,576	53.7	15,896
1967	4,113	6.6	27,127	40.9	11,100
1968	3,966	6.6	26,022	45.2	11,754
1969	3,174	6.6	20,810	65.1	13,549
1970	2,725	6.6	17,985	39.1	7,032
1971	2,189	6.8	14,885	30.1	4,480
1972	1,521	6.7	10,190	83.0	8,458
1973	1,450	6.8	9,930	187.0	18,569
1974[4]	1,175	7.1	8,400	137.0	11,508

[1] States are Missouri, Texas, New Mexico, Arizona, Utah, Oregon and California, Starting in 1969, data is for Texas only. [2] In States where goats are clipped twice a year the number clipped is the sum of goats and kids clipped in the spring and kids clipped in the fall. [3] For 1962, the marketing year was April through March. For 1963, the marketing year was April through December. Beginning in 1964 marketing year is January through December. [4] Preliminary.

Table 14—Meat subject to U.S. import quota restriction: Product weight of imports by months, average 1959-63, 1964-75

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	Mil. lb.	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*	*Mil. lb.*
1959-63 average	47.3	49.6	57.5	54.3	48.5	58.6	67.1	84.1	76.1	61.6	56.1	61.4	722.2
1964	87.2	44.9	68.9	61.4	51.1	98.1	43.7	79.5	49.6	46.4	55.7	53.4	739.9
1965	28.2	34.5	68.7	32.4	52.3	41.9	58.5	59.9	62.2	64.4	57.2	53.7	613.9
1966	51.4	60.3	49.4	63.3	52.0	100.2	61.4	87.1	91.5	79.7	61.1	66.0	823.4
1967	77.4	58.5	61.9	58.8	51.5	69.6	88.7	92.2	89.8	91.8	82.3	72.4	894.9
1968	80.7	72.6	64.1	78.4	56.1	105.1	86.4	108.6	115.5	102.1	95.8	35.6	1,001.0
1969[1]	41.9	50.4	136.1	90.0	80.5	85.7	107.1	141.8	121.4	108.4	51.4	69.4	1,084.1
1970[1]	124.5	100.7	112.0	88.7	62.1	93.4	110.0	113.0	107.6	89.3	79.3	89.8	1,170.4
1971[1]	83.4	65.1	88.3	86.2	76.8	101.0	94.4	104.9	158.6	80.4	63.2	130.3	1,132.6
1972[1]	86.9	80.8	75.4	105.4	107.9	106.4	106.8	164.6	163.8	145.1	119.0	93.4	1,355.5
1973[1]	106.1	98.4	88.3	97.9	113.0	91.5	105.9	153.7	110.3	149.9	130.0	110.3	1,355.6
1974[1]	118.0	82.3	104.9	91.4	80.6	78.6	59.4	101.4	91.8	72.3	93.2	105.2	1,079.1
1975	135.5	97.5											

[1] Rejections for calendar year 1969 equaled 13.5 million pounds, 17.4 million pounds for 1970, 21.0 million pounds for 1971, 17.8 million pounds for 1972, 18.4 million pounds for 1973, and 9.6 for 1974.

Table 15—U.S. meat imports and exports and percentage comparisons (carcass weight), 1974 and 1975

Months	Beef and veal			Lamb and mutton[1]			Pork			Total meat		
	1974	1975	Change	1974	1975	Change	1974	1975	Change	1974	1975	Change
	Mil. lb.	*Mil. lb.*	*Pct.*	*Mil. lb.*	*Mil. lb.*	*Pct.*	*Mil. lb.*	*Mil. lb.*	*Pct.*	*Mil. lb.*	*Mil. lb.*	*Pct.*
IMPORTS												
January	178	192	+8	1	1	+24	43	44	+2	222	237	+6
February	127	139	+9	3	2	-45	47	33	-29	177	174	-2
March	164			4			52			220		
April	137			6			43			186		
May	125			2			39			166		
June	128			4			30			162		
July	99			2			33			134		
August	161			1			25			187		
September	135			1			36			172		
October	108			1			39			148		
November	134			1			40			175		
December	149			1			43			193		
Total	1,645			27			470			2,142		
EXPORTS												
January	9.57	4.09	-57	0.35	0.39	+10	4.76	8.61	+81	14.68	13.09	-11
February	8.77	4.24	-5	.27	.26	-4	3.13	10.64	+240	12.17	15.14	+24
March	8.06			.34			4.12			12.52		
April	6.02			.41			5.88			12.31		
May	4.66			.22			6.22			11.10		
June	3.48			.22			9.19			12.89		
July	3,82			.41			8.19			12.42		
August	3.06			.24			13.20			16.50		
September	3.34			.27			15.63			19.24		
October	4.04			.46			16.03			20.53		
November	4.12			.48			10.22			14.82		
December	4.27			.31			8.02			12.60		
Total	63.21			3.98			104.59			171.78		

[1] Includes goat meat.

Table 16—U.S. imports of livestock and livestock products, 1969-74

Item	1969	1970	1971	1972	1973	1974[1]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
Meat (carcass weight equivalent)						
Beef						
Boneless, fresh or frozen	1,348.9	1,484.2	1,447.4	1,714.5	1,771.2	1,416.7
Fresh or frozen	19.6	24.3	22.1	12.3	18.9	10.7
Total fresh or frozen	1,368.5	1,508.5	1,469.5	1,726.8	1,790.1	1,427.4
Canned	164.4	167.1	127.8	139.8	131.3	131.3
Pickled or cured	1.6	1.8	1.0	0.7	0.5	0.7
Other processed	80.3	114.8	135.4	92.9	68.9	56.4
Total	1,614.8	1,792.2	1,733.7	1,960.2	1,990.8	1,615.8
Veal						
Fresh or frozen	25.7	23.5	21.8	36.1	31.2	30.5
Pork						
Fresh or frozen	42.9	55.5	62.3	64.4	62.4	47.6
Hams and shoulders, not cooked	2.2	1.5	1.0	1.2	1.2	1.5
Hams and shoulders, canned	314.7	339.7	357.4	403.6	415.3	389.5
Other	49.0	51.7	37.9	39.0	35.0	31.4
Total	408.8	448.4	458.6	508.2	513.9	470.0
Lamb	43.9	43.5	38.2	37.3	27.3	17.8
Mutton and Goat	108.4	79.0	64.6	111.2	25.8	7.8
Total red meat	2,201.6	2,386.6	2,316.9	2,653.0	2,589.0	2,141.9
Variety Meats (product weight)	5.6	9.8	6.5	7.9	7.2	5.9
Wool (clean basis)						
Dutiable	93.5	79.8	42.7	24.8	19.6	11.8
Duty-free	95.7	73.3	83.9	71.8	40.7	15.2
Total wool	189.2	153.1	126.6	96.6	60.3	27.0
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides and Skins						
Cattle	277	386	276	292	709	520
Calf	357	189	67	87	216	200
Kip	334	353	168	174	222	239
Sheep and lamb	20,716	18,686	19,283	16,852	12,894	15,732
	Number	*Number*	*Number*	*Number*	*Number*	*Number*
Live Animals						
Cattle[2]	1,021,054	1,142,900	969,085	1,169,035	1,023,444	556,189
Hogs	13,430	67,832	77,532	89,032	87,615	196,347
Sheep and Lambs	22,805	11,716	5,454	13,765	9,514	900

[1] Preliminary. [2] Dutiable; not for breeding.

Table 17—U.S. exports of livestock and livestock products, 1969-74

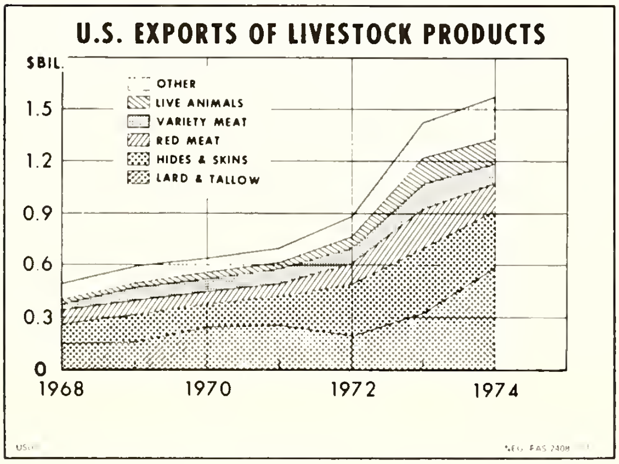
Item	1969	1970	1971	1972	1973	1974[1]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
Meat (carcass weight equivalent)						
Beef						
Fresh or frozen	16.2	18.3	28.9	41.3	68.0	43.9
Canned	2.0	2.4	2.0	2.0	1.5	2.7
Pickled or cured	10.5	12.3	13.4	10.5	9.1	4.3
Other Processed	6.7	5.7	6.1	5.7	8.1	8.3
Total	35.4	38.7	50.4	59.5	86.7	59.2
Veal						
Fresh or Frozen	.6	.5	1.7	2.0	3.4	3.1
Total (includes canned)	1.3	1.1	2.4	2.6	4.2	4.0
Pork						
Fresh or frozen	98.6	35.0	38.9	68.8	116.1	57.7
Hams and shoulders not cooked	23.7	7.1	6.8	12.9	28.9	21.1
Hams and shoulders, canned	2.5	2.8	3.1	3.2	3.1	2.3
Other canned	3.8	3.1	3.7	3.3	4.9	5.7
Other	25.2	20.4	19.9	18.2	18.1	17.8
Total	153.8	68.4	72.4	106.4	171.1	104.6
Lamb and mutton	2.3	1.8	2.1	2.0	2.7	4.0
Total red meat	192.8	110.0	127.3	170.5	264.7	171.8
Variety Meats (product weight)	239.8	239.5	277.5	254.1	281.9	295.9
Animal Fats						
Lard	261.9	365.9	282.3	164.4	113.3	161.4
Inedible tallow and greases[2]	1,894.7	2,240.8	2,605.9	2,349.3	2,297.0	2,622.2
Edible tallow and greases[3]	13.0	20.6	10.0	18.9	22.2	65.5
Mohair (clean content)	12.9	10.9	12.4	19.3	10.6	8.0
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides and Skins						
Cattle[4]	14,778	15,222	15,962	17,578	16,866	18,429
Calf	1,238	1,074	1,968	1,621	1,608	1,802
Kip	414	241	254	451	279	365
Sheep and lamb	3,928	3,822	5,934	5,872	5,792	4,897
	Number	*Number*	*Number*	*Number*	*Number*	*Number*
Live Animals						
Cattle	39,186	88,037	92,956	103,920	272,581	204,379
Hogs	18,620	24,845	17,347	12,316	16,802	15,801
Sheep, Lambs, and Goats	106,237	132,856	213,806	159,428	204,339	290,659

[1] Preliminary. [2] Includes inedible animal oils, greases, fats, and tallow. [3] Includes oleo oil, oleo steanin, and oleo stock, and edible tallow. [4] Excludes pieces that are reported in pounds, which were reported in pieces in previous years.

Table 18—U.S. imports, exports, and net imports of beef and veal, pork, lamb and mutton, and total meat in relation to domestic production 1966-74[1]

Year	Production	Imports	Exports	Net imports	Percentage of U.S. production		
					Imports	Exports	Net imports
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Percent*	*Percent*	*Percent*
				Beef and veal			
1966	20,636	1,204.2	39.1	1,165.1	5.8	.2	5.6
1967	21,011	1,327.7	42.2	1,285.5	6.3	.2	6.1
1968	21,614	1,518.0	38.2	1,479.8	7.0	.2	6.8
1969	21,831	1,640.5	36.7	1,603.8	7.5	.2	7.3
1970	22,273	1,815.7	39.8	1,775.9	8.2	.2	8.0
1971	22,446	1,755.5	52.8	1,702.7	7.8	.2	7.6
1972	22,878	1,996.3	62.1	1,934.2	8.7	.3	8.4
1973	21,634	2,022.0	90.9	1,931.1	9.3	.4	8.9
1974[2]	23,496	1,646.3	63.2	1,583.1	7.0	.3	6.7
				Pork			
1966	11,339	381.3	58.4	322.9	3.4	.5	2.9
1967	12,581	392.5	57.9	334.6	3.1	.5	2.7
1968	13,064	416.1	93.3	322.8	3.2	.7	2.5
1969	12,955	408.8	153.8	255.0	3.2	1.2	2.0
1970	13,438	448.4	68.4	380.0	3.3	.5	2.8
1971	14,792	458.6	72.4	386.2	3.1	.5	2.6
1972	13,639	508.2	106.4	401.8	3.7	.8	2.9
1973	12,751	513.9	171.1	342.8	4.0	1.3	2.7
1974[2]	13,761	470.0	104.6	365.4	3.4	.8	2.7
				Lamb and mutton			
1966	650	136.0	2.3	133.7	20.9	.4	20.6
1967	646	120.9	2.6	118.3	18.7	.4	18.3
1968	602	146.9	2.8	144.1	24.4	.5	23.9
1969	550	152.3	2.3	150.0	27.7	.4	27.3
1970	551	112.5	1.8	120.7	22.2	.3	21.9
1971	555	102.8	2.1	100.7	18.5	.4	18.1
1972	543	148.5	2.0	146.5	27.4	.4	27.0
1973	514	53.1	2.7	50.4	10.3	.5	9.8
1974[2]	463	25.6	4.0	21.6	5.5	.9	4.7
				Total meat			
1966	32,625	1,721.5	99.8	1,621.7	5.3	.3	5.0
1967	34.238	1,841.1	102.7	1,738.4	5.4	.3	5.1
1968	35,280	2,081.0	134.3	1,946.7	5.9	.4	5.5
1969	35,336	2,201.6	192.8	2,008.8	6.2	.5	5.7
1970	36,262	2,386.6	110.0	2,276.6	6.6	.3	6.3
1971	37,795	2,316.9	127.3	2,189.6	6.1	.3	5.8
1972	37,060	2,653.0	170.5	2,482.5	7.2	.5	6.7
1973	34,899	2,589.0	264.7	2,324.3	7.4	.8	6.7
1974[2]	37,720	2,141.9	171.8	1,970.1	5.7	.5	5.2

[1] Carcass weight equivalent. [2] Preliminary.



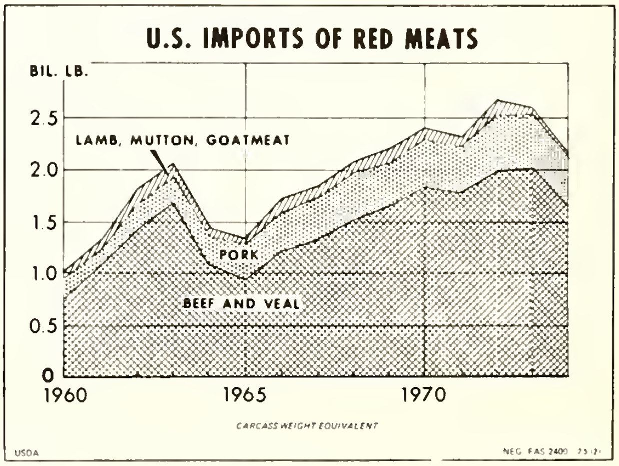


Table 19—Meat animals, meat and meat products: Value of United States imports and exports, 1972-74

Commodity	Imports for consumption			Exports		
	1972	1973	1974[1]	1972	1973	1974[1]
	Million dollars	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*	*Million dollars*
Live animals:						
Cattle and calves	162.0	204.3	116.7	43.6	126.0	109.9
Hogs	7.1	11.0	16.5	1.7	3.2	4.9
Sheep and lambs	.4	.4	.1	1.9	2.5	4.0
Meat:						
Beef and veal	861.7	1,173.7	896.7	49.8	97.7	64.9
Pork	302.0	440.5	389.6	49.4	111.0	66.9
Lamb, mutton and goat	30.9	22.1	15.1	.9	1.5	2.3
Processed meats[2]	11.3	13.9	15.0	10.1	15.2	18.5
Tallow, greases, and lard	.7	2.5	3.3	207.3	330.1	580.9
Variety meats	2.8	3.4	2.8	88.6	123.9	113.1
Casings	27.3	28.6	35.2	11.3	17.5	17.9
Hides and skins	64.4	83.5	76.3	291.8	375.4	337.2
Wool and mohair	63.4	78.5	39.2	13.0	13.6	10.2
Total	1,534.0	2,062.4	1,606.5	769.4	1,217.6	1,330.7

[1] Preliminary. [2] Includes sausage, canned meats, and canned specialities.

Table 20—U.S. imports of cattle from specified countries, excluding breeding animals and cows for dairy purposes, 1964-74

Year	700 pounds and over				Under 200 pounds				200 to 699 pounds				Total			
	Canada	Mexico	Other	Total	Canada	Mexico	Other	Total	Canada	Mexico	Other	Total	Canada	Mexico	Other	Total
	Head	*Head*	*Head*	*Head*	*Head*	*Head*	*Head*	*Head*								
1964	45,881	1,777	0	47,658	50,730	13,162	0	63,892	86,713	315,962	700	403,375	183,324	330,901	700	514,925
1965	136,551	14,077	0	150,628	64,070	16,921	0	80,991	359,486	504,285	0	863,771	560,107	535,283	0	1,095,390
1966	90,872	14,505	3	105,380	104,196	22,293	5	126,494	280,522	547,287	319	828,128	475,590	584,085	327	1,060,002
1967	17,958	3,936	26	21,920	87,184	10,553	1	97,738	121,900	485,929	13	607,842	227,042	500,418	40	727,500
1968	57,145	1,344	20	58,509	134,344	13,052	0	147,396	114,628	687,912	7	802,547	306,117	702,308	27	1,008,452
1969	42,528	4,099	52	46,679	126,683	32,459	1	159,143	18,522	773,829	5	792,356	187,733	810,387	58	998,178
1970	30,367	1,299	158	31,824	123,458	45,475	---	168,933	17,122	889,809	61	906,992	170,947	936,583	219	1,107,749
1971	24,278	1,100	205	25,583	126,221	32,467	1	158,689	30,222	718,642	9	748,873	180,721	752,209	215	933,145
1972	27,443	3,738	182	31,363	130,770	42,502	64	173,336	69,637	869,527	4	939,168	227,850	915,767	250	1,143,867
1973	54,168	22,744	505	77,417	128,418	15,213	220	143,851	147,754	634,697	1,400	783,851	330,340	672,654	2,125	1,005,119
1974[1]	19,341	35,331	636	55,308	74,138	3,464	---	77,602	17,787	395,905	85	413,777	111,266	434,700	721	546,687

[1] Preliminary.

Table 21—Meat exports: United States exports and shipments by countries, 1967 to date

Product and year	Exports, by destination, product weight											Shipments to territories[1]	Total exports and shipments	
	Canada	Mexico	France	Bahamas	West Germany	Jamaica	Japan	Netherlands	Venezuela	All other	Total		Product weight	Carcass weight equivalent
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
Beef and veal:														
1967	17.6	.2	.3	5.8	.1	1.2	.4	.2	(2)	5.5	31.3	36.4	67.6	94
1968	11.9	.4	.4	7.1	.1	1.1	.4	.1	(2)	5.5	27.0	37.5	64.5	94
1969	10.2	.4	.1	7.7	(2)	1.0	.6	.1	.1	5.5	25.7	33.6	59.3	87
1970	11.6	.4	.3	7.5	(2)	1.6	1.1	.2	(2)	6.6	29.3	45.9	75.2	104
1971	24.5	.2	.3	7.0	.2	1.8	1.7	.2	---	6.1	42.0	50.3	92.3	121
1972	34.3	.2	.3	6.6	.3	1.9	1.6	.2	(2)	6.8	52.2	38.8	91.0	124
1973	34.6	.3	.6	7.0	.2	1.4	24.8	.2	(2)	10.0	79.1	45.4	124.5	152
1974[4]	15.5	.7	.4	6.7	(2)	1.5	13.4	.6	---	11.8	50.6	49.8	100.4	130
Lamb and mutton:														
1967	.2	.1	(2)	.5	---	(2)	---	---	(2)	1.0	1.8	1.7	3.5	6
1968	.3	(2)	---	.7	---	(2)	(2)	---	(2)	.9	1.9	1.9	3.8	7
1969	.1	(2)	(2)	.8	---	(2)	(2)	---	(2)	.5	1.4	1.6	3.0	6
1970	(2)	.1	---	.5	---	(2)	---	---	.1	.4	1.1	3.3	4.4	7
1971	.1	.1	---	.6	(2)	(2)	---	---	(2)	.5	1.3	3.5	4.8	8
1972	(2)	.1	---	.5	---	(2)	---	---	.1	.6	1.3	2.0	3.3	7
1973	.2	.1	(2)	.9	---	(2)	(2)	(2)	(2)	.5	1.7	1.0	2.7	6
1974[4]	.8	.4	---	.7	---	.1	(2)	(2)	.1	.4	2.5	1.4	3.9	8
Pork:														
1967	27.3	1.9	.3	3.5	.2	2.9	.6	.2	2.9	10.8	50.6	74.4	125.0	146
1968	36.4	2.9	.2	4.0	.1	3.2	25.1	.2	1.6	11.4	85.1	78.7	163.8	187
1969	64.4	3.9	.2	4.1	.4	2.2	57.4	.1	.8	11.6	145.1	63.4	208.5	236
1970	23.5	2.7	.1	3.5	.1	1.3	16.2	(2)	1.1	12.7	61.2	85.5	146.7	177
1971	13.6	2.1	.2	3.5	.1	2.2	25.7	.4	.9	16.6	65.3	93.4	158.7	183
1972	31.6	1.2	.1	3.6	.1	1.5	46.3	.2	.7	14.0	99.3	94.4	193.7	223
1973	43.4	1.5	.4	4.5	(2)	1.0	96.8	.2	.8	12.1	160.7	83.1	243.8	268
1974[4]	51.0	1.6	.3	4.6	---	1.3	21.5	.1	1.1	13.1	94.6	76.5	171.1	196
Total[3]														
1967	47.8	2.7	.8	11.6	50.6	5.0	1.4	.5	3.0	26.6	100.0	142.6	242.6	246
1968	50.9	4.2	.8	13.7	.5	5.0	26.1	.4	1.7	27.8	131.1	153.6	284.7	288
1969	78.1	6.2	.7	14.5	.6	3.7	58.6	.3	1.0	26.3	190.0	138.3	328.3	329
1970	38.9	3.8	.8	12.9	.3	3.7	17.8	.3	1.2	28.0	107.7	180.3	288.1	288
1971	42.6	2.8	1.7	12.5	.7	4.2	28.3	.6	.9	30.7	125.0	190.8	315.8	312
1972	70.7	2.1	1.4	12.2	.5	3.8	48.7	.6	.8	28.0	168.8	187.9	356.7	354
1973	84.3	2.5	2.6	14.0	.3	3.0	124.3	.5	1.0	30.5	263.0	168.9	431.9	426
1974[4]	72.0	3.1	4.6	13.9	.1	3.5	37.5	1.0	1.2	35.9	172.8	168.2	337.8	334

[1] Puerto Rico and Virgin Islands, Guam and Wake. Puerto Rico and Virgin Islands only since 1970. [2] Less than 50,000 pounds. [3] Including sausage, bologna and frankfurters canned and not canned, sausage ingredients, canned meat and meat products n.e.c. [4] Preliminary.

Source: Compiled from official records of the Bureau of the Census.

Table 22—Meat imports: United States by countries, 1967 to date

Product and year	Imports, by country of origin, product weight												Total imports	
	Canada	Mexico	Argentina	Brazil	Denmark	West Germany	Poland	Netherlands	Ireland	Australia	New Zealand	All other	Product weight	Carcass weight equivalent
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
Beef and veal:														
1967	26.7	47.8	108.1	9.6	.1	(1)	(1)	(1)	80.6	425.6	170.9	109.6	979.0	1,328
1968	46.7	65.6	132.6	31.6	.1	(1)	.1	(1)	56.7	444.2	203.1	147.3	1,128.0	1,518
1969	44.0	66.5	130.0	34.3	.2	(1)	(1)	(1)	66.0	491.1	223.7	160.8	1,216.6	1,640
1970	80.6	78.6	141.1	28.8	.4	(1)	(1)	(1)	69.0	535.8	241.6	174.2	1,350.1	1,816
1971	80.1	79.1	88.4	63.0	2.2	(1)	(1)	(1)	64.0	505.4	241.8	186.7	1,310.7	1,756
1972	59.6	81.9	94.1	48.0	2.4	.2	- - -	(1)	31.1	674.7	266.4	222.5	1,480.9	1,996
1973	56.3	67.0	81.5	46.2	2.2	1.2	- - -	(1)	22.0	697.9	291.3	231.1	1,496.7	2,022
1974[3]	36.9	38.8	89.0	39.5	2.7	.7	- - -	(1)	44.0	514.3	259.9	192.1	1,217.9	1,646
Lamb and mutton:														
1967	.2	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	56.8	9.4	.2	66.6	121
1968	(1)	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	71.2	13.5	.2	84.9	147
1969	.7	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	73.9	23.4	.1	98.1	153
1970	.6	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	60.1	22.2	.1	83.0	122
1971	(1)	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	58.0	12.4	.1	70.5	103
1972	.3	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	72.4	20.1	.1	92.9	148
1973	.1	.3	- - -	- - -	- - -	- - -	- - -	- - -	- - -	17.8	21.9	.2	40.3	53
1974[3]	(1)	1.6	- - -	- - -	- - -	- - -	- - -	- - -	(1)	6.6	13.4	.1	21.7	26
Pork:														
1967	54.8	(1)	.3	- - -	102.3	1.4	57.2	74.6	.2	.1	(1)	16.0	306.9	392
1968	55.5	(1)	(1)	.1	111.9	1.4	55.1	82.2	.3	(1)	(1)	17.6	324.1	416
1969	49.9	(1)	.1	(1)	108.6	1.8	53.6	85.6	.2	.2	(1)	15.5	315.5	409
1970	63.2	(1)	(1)	- - -	120.6	1.4	56.0	86.7	.1	.3	(1)	19.3	347.6	449
1971	69.4	- - -	(1)	- - -	128.1	1.7	54.9	82.5	.1	.3	- - -	19.5	356.5	458
1972	67.5	4.0	(1)	- - -	151.8	1.2	66.6	75.3	.2	.4	.1	27.6	394.7	508
1973	68.2	- - -	- - -	- - -	138.7	1.2	61.4	93.9	.2	2.2	.1	32.6	398.5	514
1974[3]	53.7	- - -	- - -	.1	122.0	1.0	64.2	78.8	.5	.2	.2	41.3	362.0	470
Total:[2]														
1967	81.7	47.8	108.8	9.6	119.0	2.1	57.8	74.9	80.8	483.1	180.3	127.3	1,373.2	1,841
1968	102.3	65.6	132.8	31.7	127.6	2.2	55.9	82.4	57.0	515.8	216.7	166.6	1,556.6	2,081
1969	94.6	66.5	130.3	34.3	126.8	2.7	54.1	85.8	66.2	566.5	247.2	178.0	1,653.0	2,202
1970	144.6	78.6	141.1	28.8	144.3	2.3	56.2	88.1	69.1	597.3	264.0	195.3	1,809.7	2,387
1971	149.5	79.1	88.5	63.0	148.8	2.4	55.0	83.4	64.1	564.3	254.2	207.7	1,760.0	2,317
1972	127.5	85.9	94.2	48.0	172.1	2.2	66.7	75.7	31.3	747.9	286.7	251.7	1,989.9	2,653
1973	125.1	67.3	81.5	46.2	155.2	2.9	61.8	94.0	22.2	718.5	313.2	265.8	1,953.7	2,589
1974[3]	91.0	40.4	89.0	39.6	136.4	2.2	64.6	79.0	44.6	521.5	273.5	235.4	1,617.2	2,142

[1] Less than 50,000 pounds. [2] Includes quantities of other canned, prepared or preserved meat n.e.s. [3] Preliminary. Compiled from official records of the Bureau of the Census.

Supply and distribution of commercially produced meat, by month, carcass weight

Meat and period	Supply			Distribution				
	Production[1]	Beginning stocks	Imports	Exports and shipments	Ending stocks	Military	Civilian consumption	
							Total	Per person[2]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Pounds*
Beef:								
1974								
March	1,856	448	160	12	485	13	1,954	9.4
April	1,852	485	136	10	471	14	1,978	9.5
May	1,946	471	123	8	465	13	2,054	9.8
June	1,839	465	126	8	441	9	1,972	9.4
July	1,942	441	98	9	403	23	2,046	9.7
August	1,952	403	159	7	376	24	2,107	10.0
September	1,855	376	134	7	347	25	1,986	9.5
October	2,149	347	105	8	359	13	2,221	10.6
November	1,947	359	130	9	359	20	2,048	9.7
December	1,917	359	145	10	402	19	1,990	9.5
1975								
January	2,100	402	188	10	414	18	2,248	10.7
February	1,843	414	138					
Veal:								
1974								
March	29	12	4	1	14	1	29	.1
April	28	14	2	1	14	(3)	29	.1
May	29	14	2	1	14	1	29	.1
June	26	14	2	1	15	1	25	.1
July	34	15	1	1	14	1	34	.2
August	40	14	2	2	13	1	40	.2
September	47	13	1	1	12	1	47	.2
October	59	12	3	1	12	1	60	.3
November	50	12	4	3	13	(3)	50	.2
December	51	13	4	2	14	(3)	52	.2
1975								
January	59	14	4	1	15	1	60	.3
February	50	15	1					
Lamb & Mutton:								
1974								
March	44	12	4	1	14	(3)	45	.2
April	43	14	6	(3)	14	(3)	49	.2
May	36	14	2	(3)	17	(3)	35	.2
June	29	17	4	1	16	(3)	33	.2
July	36	16	2	1	16	(3)	37	.2
August	39	16	1	(3)	15	(3)	41	.2
September	43	15	1	1	14	(3)	44	.2
October	44	14	1	1	15	(3)	43	.2
November	32	15	1	1	14	(3)	33	.2
December	32	14	1	1	14	1	31	.1
1975								
January	35	14	1	1	12	(3)	37	.2
February	31	12	2					
Pork:								
1974								
March	1,159	307	52	11	351	8	1,148	5.5
April	1,228	351	42	13	405	8	1,195	5.7
May	1,262	405	39	13	412	7	1,274	6.1
June	1,050	412	30	18	354	13	1,107	5.3
July	1,016	354	33	14	292	11	1,086	5.2
August	1,104	292	25	20	254	7	1,140	5.4
September	1,127	254	36	25	249	10	1,133	5.4
October	1,217	249	39	22	269	6	1,208	5.7
November	1,123	269	40	20	302	7	1,103	5.2
December	1,091	302	43	17	306	8	1,105	5.3
1975								
January	1,113	306	44	17	295	5	1,146	5.4
February	954	295	33					
Total Meat:								
1974								
March	3,088	779	220	25	864	22	3,176	15.2
April	3,151	864	186	24	904	22	3,251	15.5
May	3,273	904	166	22	908	21	3,392	16.2
June	2,944	908	162	28	826	23	3,137	15.0
July	3,028	826	134	25	725	35	3,203	15.3
August	3,135	725	187	29	658	32	3,328	15.8
September	3,072	658	172	34	622	36	3,210	15.3
October	3,469	622	148	32	655	20	3,532	16.8
November	3,152	655	175	33	688	27	3,234	15.3
December	3,091	688	193	30	736	28	3,178	15.1
1975								
January	3,307	736	237	29	736	24	3,491	16.6
February	2,878	736	174					

[1] Excludes production from farm slaughter. [2] Derived from estimates by months of population eating out of civilian food supplies. [3] Less than 500,000 pounds.

Selected price statistics for meat animals and meat

Item	1974					1975		
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	Dollars per 100 pounds							
CATTLE AND CALVES								
Beef steers, slaughter, Omaha								
Prime	48.94	42.65	40.81	38.98	37.76	37.02	35.86	37.34
Choice	47.23	41.41	39.75	38.04	37.05	36.27	34.80	36.08
Good	44.07	39.20	37.83	36.16	35.36	34.30	32.77	33.92
Standard	38.81	35.70	33.97	33.05	31.85	29.52	28.37	30.15
Utility	35.64	33.62	32.54	---	---	---	---	---
All grades	46.14	40.64	39.21	37.54	36.46	35.59	34.12	35.36
Choice 900-1100 pounds, California	46.02	41.00	39.95	38.75	38.75	39.65	37.19	38.81
Choice 900-1100 pounds, Colorado	48.15	41.56	40.11	38.19	37.66	36.65	34.52	36.21
Cows, Omaha								
Commercial	24.36	22.46	19.68	17.70	17.81	16.86	18.19	19.54
Utility	24.54	22.56	19.68	17.62	17.67	16.82	18.18	19.45
Cutter	23.08	21.04	17.65	15.72	15.91	15.00	16.02	17.25
Canner	21.45	19.48	16.18	13.69	13.81	12.96	13.58	14.99
Vealers, Choice, S. St. Paul	44.90	43.44	40.12	36.48	34.46	36.88	40.25	38.90
Stocker and feeder steers, Kansas City[1]	33.26	29.80	29.80	27.97	26.05	26.79	26.82	27.86
Price received by farmers								
Beef cattle	36.60	32.80	30.50	28.30	27.60	27.60	26.90	27.80
Cows	24.00	21.80	19.00	17.30	17.00	16.50	18.10	18.70
Steers and heifers	40.30	35.50	33.20	31.70	31.00	31.00	29.60	30.50
Calves	34.30	29.90	27.50	25.60	24.80	23.90	24.30	24.70
Beef steer-corn price ratio[2]	13.0	11.7	10.8	10.9	10.8	11.6	12.3	12.9
HOGS								
Barrows and gilts, U.S. No. 1 and 2, Omaha								
180-200 pounds	---	---	---	---	---	---	---	---
200-220 pounds	38.86	36.21	39.42	38.90	41.28	39.68	40.20	40.17
220-240 pounds	39.04	36.48	39.46	38.92	41.30	39.79	39.89	40.20
Barrows and gilts, 7 markets[3]	37.56	35.79	38.86	38.34	39.93	38.93	39.61	39.50
Sows, 7 markets[3]	29.66	29.04	33.39	33.57	33.78	35.01	36.52	36.58
Price received by farmers	36.10	33.60	37.10	36.70	38.30	38.20	38.40	38.30
Hog-corn price ratio[4]								
Omaha, barrows and gilts	10.5	10.3	10.6	11.0	11.8	12,6	14.1	14.3
Price received by farmers, all hogs	10.7	10.2	10.8	11.1	11.7	12.4	13.4	14.3
SHEEP AND LAMBS								
Sheep								
Slaughter ewes, Good, San Angelo	11.31	13.25	10.40	6.89	13.33	14.12	15.56	17.20
Price received by farmers	10.60	9.56	8.20	8.10	8.70	9.60	9.90	10.10
Lamb								
Slaughter, Choice, San Angelo	42.50	36.12	35.25	37.58	39.25	38.25	39.31	40.00
Feeder, Choice, San Angelo	32.58	30.42	31.75	36.25	36.42	34.12	35.31	37.38
Price received by farmers	38.00	32.70	33.10	34.90	36.10	36.90	38.10	39.90
ALL MEAT ANIMALS								
Index number price received by farmers (1967=100)	169	153	151	145	145	145	144	146
	Dollars per 100 pounds							
MEAT								
Wholesale, Chicago, Carlot								
Steer beef carcass, Choice, 600-700 pounds	73.92	67.00	64.98	62.23	60.38	61.36	58.41	59.50
Heifer beef, Choice, 500-600 pounds	73.22	65.70	63.61	60.78	59.47	60.63	57.63	58.48
Cow beef, Canner and Cutter	49.93	45.90	41.70	37.96	38.94	36.94	39.62	
Lamb carcass, Choice and Prime, 45-55 pounds	82.48	75.64	80.38	---	---	---	---	---
Fresh pork loins, 8-14 pounds	79.18	76.36	76.52	72.09	72.48	79.25	76.53	
	Cents per pound							
Retail, United States average								
Beef, Choice grade	143.4	141.6	136.8	134.4	132.2	132.8	129.0	
Pork, retail cuts and sausage	108.7	109.9	109.0	111.4	112.7	114.9	114.8	
Lamb, Choice grade	142.4	143.6	140.2	139.4	141.8	156.0	157.2	
Index number all meats (BLS)								
Wholesale (1967=100)	169.1	161.3	160.2	155.4	156.0	161.9	159.0	
Retail (1967=100)	162.8	166.7	163.5	163.0	161.7	161.9	160.9	
Beef and veal	169.0	172.9	166.8	163.7	160.1	158.5	156.6	
Pork	158.8	164.8	164.0	166.8	167.1	170.0	165.6	

[1] Average all weights and grades. [2] Bushels of No. 2 Yellow Corn equivalent in value to 100 pounds of slaughter steers sold out of first hands. Omaha, all grades. [3] St. Louis N.S.Y., Kansas City, Omaha, Sioux City, S. St. Joseph, S. St. Paul, and Indianapolis. [4] Number bushels of corn equivalent in value to 100 pounds of live hogs.

Selected marketings, slaughter and stock statistics for meat animals and meat

Item	Unit	1974						1975	
		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Federally inspected									
Slaughter									
Cattle	1,000 head	2,821	2,876	2,787	3,230	2,929	2,902	3,152	2,778
Steers	1,000 head	1,530	1,463	1,442	1,590	1,403	1,403	1,535	1,412
Heifers	1,000 head	682	727	686	803	703	694	765	701
Cows	1,000 head	538	609	588	759	756	742	786	606
Bulls and stags	1,000 head	71	77	71	78	67	63	66	59
Calves	1,000 head	164	202	212	279	251	254	284	250
Sheep and lambs	1,000 head	713	777	842	851	612	595	662	570
Hogs	1,000 head	5,722	6,363	6,523	7,023	6,402	6,243	6,350	5,540
Percentage sows	Percent	9	10	9	8	8	7	5	4
Average live weight per head									
Cattle	Pounds	1,052	1,039	1,026	1,016	1,026	1,040	1,036	1,036
Calves	Pounds	219	226	229	227	211	204	216	216
Sheep and lambs	Pounds	100	101	102	104	104	106	106	107
Hogs	Pounds	247	243	243	243	245	246	242	236
Average dressed weight per head									
Beef	Pounds	634	625	611	607	607	604	609	608
Veal	Pounds	128	128	133	128	121	116	123	121
Lamb and mutton	Pounds	49	48	50	51	51	53	52	53
Pork	Pounds	168	165	165	165	166	187	187	184
Lard	Pounds	18	17	16	18	17	16	16	15
Production									
Beef	Mil. lb.	1,784	1,791	1,697	1,956	1,773	1,747	1,914	1,684
Veal	Mil. lb.	61	26	28	35	30	29	35	30
Lamb and mutton	Mil. lb.	34	37	42	43	31	31	34	30
Pork	Mil. lb.	958	1,202	1,073	1,154	1,062	1,023	1,049	900
Lard	Mil. lb.	100	113	107	123	108	99	98	84
Commercial									
Slaughter[1]									
Cattle	1,000 head	3,105	3,168	3,085	3,601	3,268	3,234	3,506	3,082
Calves	1,000 head	215	260	286	375	330	342	375	330
Sheep and lambs	1,000 head	737	807	869	879	634	617	682	586
Hogs	1,000 head	6,098	6,747	6,877	7,430	6,787	6,672	6,759	5,892
Production									
Beef	Mil. lb.	1,942	1,952	1,855	2,149	1,947	1,917	2,100	1,843
Veal	Mil. lb.	34	40	47	59	50	51	59	50
Lamb and mutton	Mil. lb.	36	39	43	44	32	32	35	31
Pork	Mil. lb.	1,016	1,104	1,127	1,217	1,123	1,091	1,113	954
Lard	Mil. lb.	105	117	111	128	112	104	103	87
Cold storage stocks first of month									
Beef	Mil. lb.	441	403	376	347	359	359	402	414
Veal	Mil. lb.	15	14	13	12	12	13	14	15
Lamb and mutton	Mil. lb.	16	16	15	14	15	14	14	12
Pork	Mil. lb.	354	292	254	249	269	302	306	295
Total meat and meat products[2]	Mil. lb.	917	802	723	693	723	753	803	815
Imports (carcass weight)									
Beef and veal	Mil. lb.	99	161	135	108	134	149	192	139
Pork	Mil. lb.	33	25	36	39	40	43	44	33
Lamb and mutton	Mil. lb.	2	1	1	1	1	1	1	2
Exports (carcass weight)									
Beef and veal	Mil. lb.	3.82	3.06	3.34	4.04	4.12	4.27	4.09	4.24
Pork	Mil. lb.	819	13.20	15.63	16.03	10.22	8.02	8.61	10.64
Lamb and mutton	Mil. lb.	.41	.24	.27	.46	.48	.31	.39	.26
Live animal imports									
Cattle	Number	35,186	12,992	15,317	8,698	6,683	16,136	7,570	7,272
Hogs	Number	53,005	13,450	9,646	8,692	11,914	1,612	2,417	2,586
Sheep and lambs	Number	61	43	136	136	19	345	2	14
Live animal exports									
Cattle	Number	6,057	9,183	16,435	31,993	22,745	28,985	25,877	15,046
Hogs	Number	1,023	950	1,103	1,912	2,212	1,105	246	4,105
Sheep and lambs	Number	18,410	18,074	16,907	27,176	24,515	36,612	29,254	27,975

[1] Federally inspected and other commercial. [2] Includes stocks of canned meats in cooler in addition to the meats listed.

GRAIN-FED VERSUS GRASS-FED BEEF PRODUCTION

by

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ABSTRACT

The poor 1974 U.S. corn crop caused sharp rises in feed prices and many changes were made in beef production. Large numbers of cattle were forced to slaughter because of short feed supplies and nongrain-fed beef slaughter increased. World food shortages prompted much discussion about beef production being a wasteful use of food producing resources. Quantities of grain consumed by beef cattle per pound of beef produced are, however, less than that assumed by many.

KEYWORDS: Beef production, grass-fed, grain-fed, forages, feed grains, feed prices.

The poor 1974 U.S. feed grain crop and the World Food Conference in Rome brought world food needs to the forefront of the U.S. news media and provoked much discussion about ways to alleviate food shortages. The beef cattle industry has emerged as the center of attention in many of these discussions. Many assertions have been made about the cost and possibility of producing various types of beef, and about beef production being a wasteful use of food producing resources. Some rather drastic changes in feed supplies and costs have reversed past trends in the beef cattle industry during the past several months. This article reviews the current situation and puts forth some ideas about the direction beef cattle production might take in the future.

Past Trends and Current Situation

The trend toward marketing a larger percentage of the beef cattle as grain-fed beef continued until 1974. This shift to a larger and larger proportion of fed cattle developed during a period of adequate supplies of feed grains as evidenced by the relatively low feed grain prices that prevailed, and ending feed grain stocks that were averaging about 25 percent of the year's production. Furthermore, cattle prices remained relatively stable compared with recent fluctuations, while trending upward for several years prior to 1972.

Some of the more significant events which led to the present situation began to take place in 1972. During 1972, feeder cattle prices started to rise sharply and continued to rise into 1973, reaching a peak about midyear. This sharp rise in feeder cattle prices was prompted by earlier low grain prices, profits in the cattle feeding industry, and an influx of outside capital that led to a rapid expansion of commercial feedlot capacity. Feedlots with a capacity of 1,000 head or more accounted for about 1 percent of all feedlots in 1968 and 1.4 percent in 1973. These feedlots, however, increased their share of total fed cattle marketings from about 47 percent in 1968 to almost 65 percent in 1973. During this rapid expansion of feedlot capacity, cattle feeders bid up feeder cattle prices which prompted further increases in the cow herd. Although fat cattle prices also rose, the increase did not match that for feeder cattle and some rather large negative price margins developed by mid-to late-1973. This left many feeders with substantial losses. Since mid-1973, however, feeder cattle prices have declined considerably to their present low levels and the price margin has been reversed to a positive price margin the past several months.

Beginning in mid-1972, feed grain prices also started to increase from the low levels of the previous decade. The sharp upward surge in feed grain exports was a major factor in these price increases. Then in 1974, a devastating blow was dealt the cattle industry when extremely poor growing conditions drastically reduced the 1974 corn crop and also reduced forage supplies. Feed grain prices rose sharply and losses to cattle feeders increased. Cattle feeders reacted by reducing feedlot placements substantially, particularly in the commercial feeding areas, and many who had invested capital earlier now withdrew, aggravating the decline in feeding activity and leaving record large numbers of cattle outside of feedlots to compete for a reduced and limited supply of forage. The reduced demand for feeders and reduced feed supplies forced many animals from the pastures and ranges to slaughter, resulting in an increase in the slaughter of animals that had received little or no grain feeding and decreases in slaughter of grain-fed beef.

These events, coupled with the current perplexing situation of the beef industry, have led to the expression of varied opinions about beef production. Some topics relevant to the beef production situation and some ideas about future beef production are reviewed below.

Beef Production-Grain and/or Grass-Fed

A common issue, and one that has been widely discussed, is that beef production is a wasteful use of food producing resources. This issue stems from the fact that a large percentage of the steers and heifers slaughtered are finished on rations that include large amounts of grain. A contributing factor to this issue is a misunderstanding about the number of animals being fed the grain rations at any given time. On January 1, 1975, about 10.2 million cattle were in feedlots and being fed the grain rations. This represented about 9 percent of the total beef cattle and calf inventory which was estimated to be 116.5 million head. Therefore, the weakness of the issue that beef production is a wasteful use of food producing resources stems from the fact that (1) the animals being fed rations that are largely grain are only finished on these rations and are dependent on forages and other roughages prior to being placed in feedlots and (2) that only a small percent of all cattle and calves are being fed the grain rations at any given time. True, over 70 percent of total cattle slaughter was fed cattle for several years prior to 1974, but this has recently dropped to about 60 percent. After making allowances for the weight an animal gains prior to being placed on feed in the feedlot and the beef produced by animals such as cull beef cows and grass-fed beef that are never placed on feed, the total pounds of beef produced while cattle are being fed the feedlot grain ration have accounted for about 30 to 35 percent of the annual beef production since 1965.

To illustrate the amount of grain consumed by grain-fed beef, the placement of a 600 pound feeder steer in a feedlot and the selling of this steer at 1,050 pounds is used as an example. It is often quoted that it takes x pounds of feed to produce y pounds of beef, for example, 10 pounds of feed per pound of beef, when producing grain-fed beef. This is sometimes construed to mean that it would take over 10,000 pounds of grain to produce a 1,050 pound fat steer. This is a gross overestimate of the grain actually fed. It is likely that roughages accounted for almost all of the ration prior to placement in the feedlot. Furthermore, grain normally accounts for about 65 percent of the feedlot ration. Therefore, of the 10 pounds of feed fed per pound of beef, only 6.5 pounds would be grain. The other 3.5 pounds normally consist of about 0.5 pounds of other concentrates and 3 pounds of roughages. The amount of grain fed to the 1,050 pound fat steer would more likely be about 2,900 pounds (6.5 pounds of grain for each of the 450 pounds of weight added in the feedlot or less than 3 pounds of grain per pound of liveweight at slaughter).

Table 1 shows an estimate of the grain consumed by beef cattle and swine for the crop years 1965/66 through 1973/74. These data show that swine consume more corn than beef cattle, and also that total grain consumed by swine is over 90 percent of the amount consumed by all beef cattle, even though pork production is only about 60 percent of beef production. Translated into pounds of grain consumed per pound of carcass weight meat produced, an upward trend is observed for beef. These data do indicate, however, that the amount of grain consumed by beef cattle per pound of beef produced has declined during the recent grain shortage. The upward trend in pounds of grain consumed per pound of beef produced is the result of longer feeding periods and not that beef cattle are becoming less efficient users of grain.

The preliminary estimates of gross livestock production for the 1973/74 crop year show that pounds of grain consumed per pound of carcass weight beef and pork produced are 4.1 and 6.3, respectively. The pounds of grain consumed per pound of retail weight beef and pork produced during this same period were 5.6 and 8.4, respectively. These data show that the amount of grain consumed per pound of beef produced is much less than that which is often quoted. They also show that fewer pounds of grain are used to produce a pound of beef than to produce a pound of pork because a substantial quantity of the beef marketed represents weight gains from roughages.

An examination of the supply and utilization of feed grains since 1965 shows that feed grains used for livestock feed increased steadily during a period of relatively low prices and high carryover for feed grains which ended about 1972. In this period relatively low priced fertilizer and fuel were important factors in the level of grain production. As feed grain supplies decreased and prices increased during the past few years, the amount of grain fed to livestock declined, table 2.

Roughages are a large and important part of beef cattle rations. Only small quantities of grain are normally fed to beef cattle outside of feedlots. In the 1972/73 crop year, a period when almost 97 percent of the steers and heifers slaughtered were finished on grain rations, roughages accounted for almost 75 percent of the total feed consumption of beef cattle. For cattle on feed in the 1972/73 period, almost 28 percent of the feed consumed was roughages and for other beef cattle the percentage was 92, table 3. These roughages, which cattle can convert to food for humans, are inedible by humans. If not utilized by cattle, most of these roughages—which produce millions of pounds of meat—would be wasted. Furthermore, much of the land used for producing roughages is not suitable for grain production. A brief review of the U.S. land resources and some of the major land uses can provide some insight into this situation.

In 1969, about 57 percent (1,283 million acres) of the U.S. land area was used for agricultural purposes. Major uses of this 1,283 million acres were: cropland, 472 million acres (37 percent); grassland pasture and range, 604 million acres (47 percent); woodland grazed, 198 million acres (15 percent); and farmsteads and farm roads, 9 million acres (1 percent). Almost 19 percent (88 million acres) of the cropland was used for pasture, table 4.

Part of the 802 million acres being used for grassland pasture and range and as woodland grazed could be converted to cropland. Under current and past cost-price relationships, however, this has not been a feasible alternative for most of this land. Therefore, the situation that has evolved is one that includes not only the 604 million acres of grassland pasture and range plus 198 million acres of woodland grazed, but also the use of 88 million acres of cropland for pasture.

In the quest to alleviate world food shortages, feasible productive capabilities of most of the grassland pasture and range and woodland grazed other than the production of forages for cattle is quite limited. Forage yields of the land devoted to forage production ranges from woodland grazing which is the least productive to cropland pasture, the most productive and also that which is most competitive with other crop production.

A Forest-Range Task Force Study (5), which estimated the acreage of land in the forest-range environment and the forage produced on this land, gives some indication of the amount of forage produced on lands with almost no feasible grain production potential. This study shows that in 1970 about 835 million acres of the 1.2 billion acres of land in the forest-range environment in the conterminous U.S. were grazed by livestock and that it produced 213.1 million animal unit months (AUM's) of grazing.

Even though a sizable portion of the beef cattle ration comes from roughages and even though there is a large production of roughages from land with little other feasible production alternatives, production of present day quantities and qualities of beef would be difficult without some grain feeding. To maintain the production of beef approximating current supplies for any extended period would require a big increase in roughage production, more than is presently feasible. Droughts, such as occurred in 1974 and reduced roughage supplies, would cause more severe disruptions in the cattle market than have occurred under present conditions if forages were the sole source of cattle feed.

Costs for roughage production, like most other agricultural production costs, have soared during the past year. For some time a portion of the roughage produced in various regions of the U.S. has been viewed as a relatively cheap source of feed. This is roughage produced in the more arid regions of the U.S. and on land which has little other production potential. The potential for increasing the productivity of roughages on this land is very limited or quite expensive. The greatest potential for increasing roughage production with current feasible technology is in the more humid regions. Increased production in the humid regions, however, is highly dependent on increased rates of fertilization, particularly nitrogen, which has become very costly.

Due to the soaring cost of producing roughages and the increased cost of other inputs, the cost of producing grass-fed beef has increased considerably. For many producers these costs have increased to where the cost of producing grass-fed beef is about as high, if not higher, than that for producing grain-fed beef at current grain prices. Because of the large supply of beef and short supply of feeds—grains and roughages, cattlemen have been forced to sell beef at prices much below total production costs. After current inventories of cattle are reduced, cattlemen are not likely to continue to produce grass-fed beef for prices like they have been receiving recently, unless production costs decline. Grass-fat beef is being marketed today at somewhat lower prices under such names as grass-fed, forage-fed, non-fed, and baby beef. The availability of this beef is the result of (1) the excess inventory of cattle and (2) the short feed supplies.

Future Beef Production

As in the past, the type of beef produced and the kind of feeds used to produce it will be dictated by economics. If grain prices are cheap relative to other sources of feed, then more grain will be used. If grain prices are high, the amount of grain fed will be reduced, as it has recently.

Beef cattle, because they are ruminants, can use roughages which man and other monogastric animals cannot. Currently large quantities of roughages are produced in the U.S. and with technological advancements the production of roughages will likely increase, particularly on land not suitable for grain production. Grains will continue to be an important part of the beef cattle ration because of the more rapid gains obtained from feeding grain and because more pounds of meat can be produced from an acre of grain than from an acre of roughage. Also, grain feeding makes an excellent product out of a good one.

There are also many byproducts of grain production such as straw and corn stalks that can be utilized by ruminant animals. Salvaging of crop residues are potential sources of large quantities of feed for beef cattle (3). Technological advancements will likely make these and other byproducts more feasible sources of feed in the future.

The switch to slaughtering more nongrain-fed steers and heifers that has occurred in 1974 and 1975 is probably a temporary situation. Numerous factors, which in themselves are temporary, led to this situation. The extremely poor growing conditions for feed grains and forages in many regions of the U.S., together with relatively large exports of feed grains, substantially reduced feed supplies during 1974 and caused feed prices to increase sharply. This, coupled with a record large cattle inventory, forced many cattle to market earlier than they would have under usual conditions. Many of these cattle went to market as grass-fed steers and heifers rather than being finished on grain.

This situation is expected to change in the future and nearly all of the steers and heifers will again be finished on grain. The grain feeding period may be reduced from that which was common in the early 1970's because of several factors, including the new grade changes to become effective in April 1975. Part of any reduction in the feeding period will probably be the result of placing heavier cattle on feed. Another part of the reduction could come from slaughtering animals at somewhat lighter weights. Reductions in slaughter weights would, however, reduce the pounds of beef produced per brood cow and a given number of cows would produce less total beef.

Feed grain production is also expected to increase in the future. A study conducted by ERS in 1973 (4) estimated that the U.S. has the capacity under favorable conditions to substantially increase feed grain production in the next 10 years. If realized, this increased feed grain production will lead to more grain-fed beef being produced in the future. The time required to change the current situation from one of reducing the percentage of steers and heifers being finished on grain to increasing the percentage will be strongly influenced by the size of this year's feed grain crop.

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Table 1— Grain consumed, meat produced, and grain consumed per pound of meat produced for beef and pork, 1965-1973

	Unit	Crop year beginning October 1								
		1965	1966	1967	1968	1969	1970	1971	1972	1973[a]
Grain consumed by Cattle on feed:										
Corn	1,000 ton	10,539	12,020	14,656	17,038	18,925	18,167	22,150	24,761	22,871
Sorghum	do.	8,486	8,789	8,141	10,318	10,459	11,866	12,072	11,750	9,663
Other	do.	2,995	3,259	4,335	6,197	7,912	8,125	9,002	5,396	3,142
Total	do.	22,020	24,068	27,132	33,553	37,296	38,158	43,224	41,907	35,676
Other beef cattle:										
Corn	do.	4,594	4,931	5,047	5,084	5,669	5,655	6,008	8,320	
Sorghum	do.	791	850	877	882	697	1,097	1,107	1,028	1,194
Other	do.	1,235	1,336	1,421	1,433	1,843	1,756	1,727	1,651	1,194
Total	do.	6,620	7,117	7,345	7,399	8,209	8,508	8,842	9,744	10,708
All beef cattle:										
Corn	do.	15,133	16,951	19,703	22,122	24,594	23,822	28,158	31,826	31,191
Sorghum	do.	9,277	9,639	9,018	11,200	11,156	12,963	13,179	12,778	10,857
Other	do.	4,230	4,595	5,756	7,630	9,755	9,881	10,729	7,047	4,336
Total	do.	28,640	31,185	34,477	40,952	45,505	46,666	52,066	51,651	46,384
Swine:										
Corn	do.	35,309	38,502	40,522	39,140	38,834	39,541	39,592	43,205	40,024
Sorghum	do.	1,646	1,501	1,134	1,256	1,473	1,522	1,334	606	1,079
Other	do.	3,602	3,465	2,812	2,711	2,989	4,234	4,380	3,251	2,137
Total	do.	40,557	43,468	44,468	43,107	43,296	45,297	45,306	47,062	43,240
Meat produced										
Feed beef......	Mil. lb.	12,796	13,964	14,527	15,211	16,532	16,569	17,112	16,851	16,374
Other beef.....	do.	6,772	6,282	6,067	5,738	5,128	5,417	4,963	4,501	6,279
Total beef ...	do.	19,568	20,246	20,594	20,949	21,660	21,986	22,075	21,352	22,653
Pork..........	do.	10,909	12,424	12,903	13,218	12,830	14,882	13,951	12,913	13,677
Grain consumed per pound of meat produced										
Fed beef	Pound	3.4	3.4	3.7	4.4	4.5	4.6	5.1	5.0	4.4
Other beef ...	do.	2.0	2.3	2.4	2.6	3.2	3.1	3.6	4.3	3.4
Total beef ..	do.	2.9	3.1	3.3	3.9	4.2	4.2	4.7	4.8	4.1
Pork	do.	7.4	7.0	6.9	6.5	6.7	6.1	6.5	7.3	6.3

[a] Preliminary. Source: Grain consumption: 1965-1970 [1]; 1971-1973 unpublished updates to [1]. Beef production: Fed and other are unpublished estimates prepared by CED-ERS staff. Total beef and pork [7].

Table 2—Acreage, supply, and utilization of feed grains, 1965-1974

	Unit	Crop year beginning October 1									
		1965	1966	1967	1968	1969	1970	1971	1972	1973[a]	1974[b]
Acreage planted	Mil. ac.	116.4	117.2	120.9	116.7	115.3	118.8	128.0	115.1	121.4	122.6
Acreage harvested	do.	96.1	97.9	101.0	97.3	95.5	99.3	106.3	94.0	102.4	100.7
Supply											
Beginning stock	Mil. ton	54.8	42.1	37.2	48.5	50.2	48.6	33.2	48.4	32.4	22.2
Production	do.	158.0	159.0	178.9	170.5	177.4	160.1	207.7	199.9	205.0	165.1
Imports	do.	.3	.3	.3	.3	.4	.4	.5	.4	.2	.5
Total	do.	213.1	201.4	216.4	219.3	228.0	209.1	142.4	248.7	237.6	187.8
Utilization											
Livestock feed	dol	126.8	126.9	128.9	134.7	141.8	138.9	149.0	156.2	153.5	123.3
Food, seed, and industry	do.	15.1	15.3	15.7	16.0	16.4	16.3	16.7	17.0	17.5	18.1
Total domestic	do.	141.9	142.2	144.6	150.7	158.2	155.2	165.7	173.2	171.0	141.4
Exports	do.	29.1	22.0	23.3	18.4	21.2	20.7	27.3	43.1	44.4	33.7
Total	do.	171.0	164.2	167.9	169.1	179.4	175.9	193.0	216.3	215.4	175.1
Ending stock	do.	42.1	37.2	48.5	50.2	48.6	33.2	48.4	32.4	22.2	12.7
Season average corn price received by farmers	Dol./bu.	1.16	1.24	1.03	1.08	1.15	1.33	1.08	1.57	2.55	3.51

[a] Preliminary. [b] Estimated. Source: [6].

Table 3—Beef cattle feed consumption (corn equivalent units) by type of feed and percent each type is of total, 1965-73

	Crop year beginning October 1								
	1965	1966	1967	1968	1969	1970	1971	1972	1973[a]
	1,000 tons	*1,000 tons*	*1,000 tons*	*1,000 tons*	*1,000 tons*	*1,000 tons*	*1,000 tons*	*1,000 tons*	*1,000 tons*
Cattle on Feed									
Feed grains	20,988	23,021	26,151	32,229	35,989	36,789	41,817	40,605	39,656
Other concentrates	5,161	4,617	4,051	4,305	4,741	5,653	4,979	5,157	3,714
Roughages	11,147	12,638	13,453	13,991	16,013	15,974	16,958	17,608	18,106
All feed	37,296	40,276	43,655	50,525	56,743	58,416	63,754	63,370,	61,476
Other Beef Cattle									
Feed grains	6,620	7,117	7,345	7,399	8,209	8,508	8,842	9,744	10,708
Other concentrates	3,417	3,035	3,049	3,246	3,525	3,850	3,989	3,716	2,349
Roughages	119,959	120,900	125,614	125,308	135,575	136,896	146,551	155,780	162,547
All feed	129,996	131,052	136,008	135,953	147,309	149,254	159,382	169,240	175,604
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Cattle on Feed									
Feed grains	56.3	57.2	59.9	63.8	63.4	63.0	65.6	64.1	64.5
Other concentrates	13.8	11.5	9.3	8.5	8.4	9.7	7.8	8.1	6.0
Roughages	29.9	31.3	30.8	27.7	28.2	27.3	26.6	27.8	29.5
All feed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Other Beef Cattle									
Feed grains	5.1	5.4	5.4	5.4	5.6	5.7	5.5	5.8	6.1
Other concentrates	2.6	2.3	2.2	2.4	2.4	2.6	2.5	2.2	1.3
Roughages	92.3	92.3	92.4	92.2	92.0	91.7	92.0	92.0	92.6
All feed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[a] Preliminary. Source: 1965-70 [1]; 1971-1973 unpublished updates to [1].

Table 4—Major agricultural and nonagricultural uses of land in farms and land not in farms, 1969

Land use	Land in farms	Land not in farms	Total
	Million acres	*Million acres*	*Million acres*
Agricultural uses of land:			
Cropland	472	---	472
Cropland used for crops	(333)	---	(333)
Soil improvement crops and idle cropland	(51)	---	(51)
Cropland pasture	(88)	---	(88)
Grassland pasture and range	452	152	604
Woodland grazed	62	136	198
Farmsteads, farm roads	9	---	9
Total agricultural land	995	288	1,283
Nonagricultural uses of land:			
Forest land not grazed	50	475	525
Special uses	---	169	169
Urban and other built-up areas	---	(61)	(61)
Primarily for recreation and wildlife	---	(81)	(81)
Public installations and facilities	---	(27)	(27)
Other land	19	268	287
Total nonagricultural land	69	912	981
Total land areas	1,064	1,200	2,264

Source: [2]

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